

**Natural Gas Advisory Committee
Meeting Minutes, January 26, 2010**

Committee Members:

Peter Flanagan, Supervisor, Chairman
James Bays, Supervisor
Richard Schlag, Supervisor
Linda Natoli, Supervisor
Ross Iannello, Supervisor
Steve Palmatier, CC Nat. Gas Consultant
Stephen Harris, Dir. Real Property
Bradd Vickers, Chenango Farm Bureau

Rob DeClue, Chen. Co. Soil/Water
Shane Butler, Planner
Rena M. Doing, Planner

Guest(s)

Ken Smith, Director of Cornell Co-Op Ext. Chenango Co.
Donald Franklin, Chairman Ag/Farmland Protection

The monthly meeting was called to order by Chairman Peter Flanagan at 8:05 a.m. in the County Board of Supervisors Chambers.

Overview of January 25, 2010 Natural Gas Rally in Albany:

Mr. Palmatier attended the Natural Gas Rally held at the Capital Building in Albany. The Rally was organized by various anti-drilling groups, scheduling this event as a formal lobby day. This allowed the groups to meet with all legislative offices to voice their concerns and reasons against natural gas exploration. Their primary concern is the issue of the amount of water used in hydro-fracking and the need for new technology. The group feels their concerns should warrant a statewide ban on drilling. There is some indication legislation will be introduced to ban drilling.

Mr. Palmatier stated he followed the groups as they moved from legislator to legislator voicing the positive aspects of gas drilling NYS. The general consensus was it is difficult to reason with the Anti-Drilling groups.

Mr. Palmatier met with the IOGA group after the meeting. The IOGA group will be scheduling a lobby day to meet with legislators, with an emphasis on being seen and heard regularly.

Mr. Palmatier commented that the Landowner Coalitions should have a lobby day. Mr. Vickers stated the Landowner Coalitions have been included with the Farm Lobby.

General Discussion on Related Topics:

- Supervisor Iannello commented on the letter from Mr. Grannis, NYSDEC Director to Assemblyman Parment, regarding well drilling incidents and the importance of distributing this information to the public. (see attachment or hard copy available at Planning Department)
- Chairman Flanagan commented on the fact NYC has a water filtration exemption for their reservoirs and now they appear to be pushing for additional exemptions.
- Mr. Palmatier commented on the proposed 3% Severance Tax in the State budget, in addition to the Real Property tax. The Severance tax will be on the Utica and Marcellus shale only. Unfortunately this tax will not be designated to NYSDEC but to the NYS general fund, as there is no mechanism in place to designate funds.
- Supervisor Iannello suggested the (27) Coalitions provide the NYS Legislators with the numbers indicating the acreage and number of landowners that are in favor of gas exploration. In addition he suggested the Coalitions correspondence to all NYS Legislators may be more effective through this committee. The general consensus from the committee members is this should be the responsibility of the Coalitions, as well as continuing to be educated on the issues.
- Supervisor Bays expressed concern that the Association of Towns has not been active on this issue. Locally we have been working on standardization of ordinances. Question if we can have impact by focusing on the areas in the County that have been primarily affected by natural gas exploration.
- Supervisor Natoli commented it is her opinion the role of the Natural Gas Advisory Committee is to educate, keep it simple and make it personal.
- Chairman Flanagan commented on reports about job loss in NYS due to Chesapeake moving its' operations to Pennsylvania.
- Discussion continued about the importance of reaching out to the public with as much information as possible. Effective communication about natural gas exploration on what is currently happening as well as potential opportunities should continue to be our primary role.
- Chairman Flanagan and Mr. Palmatier commented on meetings with our state representatives. There is still an obvious lack of knowledge at the legislative level. There is an urgency to move forward in understanding the potential impact of natural gas exploration. Even if the dSGEIS is approved in the near future, with the numerous acreage that is leased there will be no landslide on drilling. It will take years to develop.
- Discussion on how to address the negative and emotional concerns of the residents. There has been too much comparison too the western states which may not be a valid comparison. Mr. Palmatier stated many of the concerns have related to surface contamination. Nornew is building a "berm" around the brine tanks at their drilling site. A closed loop system will address many of the concerns. In addition increased staffing at the

NYSDEC is necessary to monitor the well sites. To date there have been over 10,000 wells that have been drilled and sealed with no incidents. Supervisor Iannello expressed concern there is too much negative publicity from outside the state, it is important to look at the positive aspects of exploring for gas in NYS. Mr. Palmatier commented on the potential job opportunities in the future. Statistics show that each well drilled will ultimately employ 6 permanent employees. He commented that IOGA is baffled by the negative reaction to natural gas drilling in Central NY, especially when there has been no history of this being a problem in western NYS. At least our area has been somewhat educated and is working toward understanding the business in advance.

- Supervisor Bays commented on the “open pits” for waste water storage and questioned the need for funding to address any environmental issues. Mr. Vickers stated the Farm Bureau has made proposals for funding to address any incidents.
- Mr. Vickers asked when a natural gas well is located on property that is designated as agricultural does it change the agriculture assessment. Mr. Harris reminded committee only the well site is assessed to the well owner, not the landowner.
- Supervisor Iannello asked if anyone is aware of any properties selling recently but maintaining the mineral rights. Mr. Harris commented there have been sales in Smyrna and Plymouth with the mineral rights and forestland retained by the previous owner. Chairman Flanagan commented we are gradually moving toward two (2) classes of property owners in the County “surface and mineral” owners.
- Supervisor Iannello recommended developing a policy to address this potential change in assessments. Mr. Harris explained it is up to the Assessors. He has reminded the assessors, in the training programs, the importance of reading the deeds. To assess a value on mineral rights and land it must be equitable to neighboring land and town to town. Chairman Flanagan questioned if mineral rights are considered personal property under law, how would you tax them? When the gas is captured it is considered as real property and is taxed accordingly. Supervisor Iannello suggested meeting with Mr. Harris to develop a policy. Chairman Flanagan suggested getting an opinion from ORPS for the Assessors. Mr. Harris commented during previous meetings this was discussed. At this time there are no guidelines available from ORPS, and separate assessments have been discouraged. He added the Town Assessors continue to disqualify the sale price of properties sold to the gas companies so they will not be skewer the equalization rate calculation prepared by ORPS. At this time there has been no challenge from ORPS but this could change.
- Mr. Harris stated he will contact Cayuga County, as suggested by Mr. Smith, to find out more about how they have been affected and addressed natural gas issues.
- Chairman Flanagan commented on a situation where mineral rights on a property were assessed to Bradford County, PA in an individual's will. Bradford County, PA did not pay the tax bill. The property went into foreclosure and the new owner purchased the mineral rights back.
- Mr. DeClue provided copies of comments submitted to NYSDEC from various agencies voicing their concerns and suggestions relating to the draft SGEIS. There were over 13,000 comments submitted to the NYSDEC for their review.

Compulsory Integration Hearing:

Chairman Flanagan commented on the Maynard 1H well Compulsory Integration hearing. Portions of the Town of Preston and Chenango County land have been integrated into the spacing unit. The hearing date was January 13th in Albany, however notification was not received by the County or the Town of Preston prior to the 30 day hearing date as required by NYSDEC. The County Attorney and Supervisor Flanagan challenged the integration due to the lack of timely notification. The Hearing Officer required new notification and scheduled a new hearing date for March 10, 2010. Town of Preston park land was included in the integration. The Preston Town Board passed a resolution to surplus the park land on the basis the land has been alienated by Environmental Conservation Law (ECL) 23. It is important to address integration when given the opportunity then lead by example, lease to strata with no surface rights as one example.

It was suggested the County prepare a Request for Proposal (RFP) to lease County land in anticipation the amendment to Part 215 is passed. Supervisor Iannello, Town of New Berlin *made the motion requesting the County Planning and Economic Development Committee submit a resolution to the County Board of Supervisors to prepare a Request for Proposal (RFP) to start the process of leasing County owned land in anticipation County Law 215 is amended to allow the County to lease land for a period greater than 5 years.* Motion was seconded by Supervisor Bays, Town of Smyrna

Chairman Flanagan recently contacted NYSDEC with the following question relating to Compulsory Integration: Are well drilling costs paid by “participating owners” refunded if the well permit expires and will not be drilled after the compulsory integration process has been completed?

Response from NYSDEC:

It has been the Department's position that integrated participating owners are entitled to a refund of any advanced costs not used to develop the well. The Integration Orders however, do not address the case of a well permit expiring. We will

be looking at revising the integration orders to address this issue.

Yet again another issue that has not been fully considered or addressed, the learning curve is ongoing for everyone and we need to be diligent in understanding as many aspects of natural gas exploration as possible.

Summary:

- An article should be prepared and submitted to “Town Topics” addressing natural gas issues and the relationship to the Highway Superintendents, Fire Departments, Emergency Response, etc. It will be important to “stick to the facts” look at the bigger picture and stay focused.
- Suggestion to have a joint meeting with the Town Supervisors, Highway Superintendents, Fire Departments to insure everyone is on the same page as well as understand each other’s role as it relates to natural gas.
- Mr. Schlag commented on availability of sample Ordinances, bonding, etc. to insure consistency. Ms. Doing advised committee they have the draft information sheet relating to Ordinances and are working on the website to provide links to the information. Supervisor Iannello suggested towns consider utilizing “e-codes” to develop ordinances (<http://www.generalcode.com/Webcode2.html>). This has been a useful resource for the Town of New Berlin.
- Chairman Flanagan discussed a recent incident where there was inadequate traffic safety by a natural gas contractor on a County Highway. Their lack of safety precautions was a violation of the County permit. Chairman Flanagan questioned if we, as government agencies (such as Town Highway), can provide services to the natural gas companies, at what fee? Could Fire Police provide traffic control and at what fee? Do we add a fine when permits are violated? Is the role of the committee to give direction to various agencies? Mr. Franklin asked if the County Highway Permit should be displayed insuring the agencies meet their obligation. Chairman Flanagan stated the County Highway permit process will be changed to address problems that have occurred. When the revised permit application is completed a copy will be available to the committee.
- Mr. Smith asked about the role of the Natural Gas Advisory Committee. He commented while working in Cayuga County there was considerable economic development from the many gas wells in the County as well as a positive environment. It may be beneficial to contact Cayuga County for comparisons. Chairman Flanagan stated the committee’s primary goal has been to address municipal issues. Mr. Vickers added the role of government is to re-coup funds for damages but there is only a limited role available.
- Supervisor Iannello questioned if Susquehanna River Basin Commission (SRBC) could expand their authority to address the concerns about the NYC watershed. Mr. DeClue commented there have been regulation changes relating to the Chesapeake Bay. Mr. Vickers stated the fees were restructured. SRBC is a Federal Authority, when funding ran out SRBC developed the program to collect water fees to compensate for the deficit.
- Mr. Palmatier stated it could be beneficial if IOGA provided a summary of income from each well.
- Supervisor Natoli encouraged the Natural Gas Advisory committee to refer any ideas to the County Committees.

There was no further discussion and the meeting was adjourned at 10:05 a.m.

Next Meeting, Tuesday, February 23, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
Meeting Minutes, February 23, 2010**

Attendees:

Peter Flanagan, Supervisor, Chairman
William Craine, Supervisor
Linda Natoli, Supervisor
Ross Iannello, Supervisor
John Phelan, Supervisor
Steve Palmatier, CC Nat. Gas Consultant
Stephen Harris, Dir. Real Property

Rob DeClue, Chen. Co. Soil/Water
Bradd Vickers, Chenango Farm Bureau
Ken Smith, Dir. Cornell Co-Op Ext. Chen. Co.
Charles Rowe, CNY Coalition
Shane Butler, County Planner
Rena Doing, County Planner

Richard Smith, RF Welding Consultant
Melissa DeCordova, Evening Sun

The monthly meeting was called to order by Chairman Peter Flanagan at 8:05 a.m. in the County Board of Supervisors Chambers.

Property Tax Comparison:

Mr. Harris prepared a chart comparing property tax income generated from minimum natural gas unit production for each jurisdiction in Chenango County. The variation in the estimated taxes is based on assessments and each jurisdiction may have different charge backs. The school tax rate will also vary due to multiple school districts servicing some jurisdictions.

The unit value for calculating the 2010 taxes is based on a 5 year average of gas price production. This information is provided to the County by NYSORPS. The unit value for calculating 2010 taxes is \$ 11.19 per thousand cubic feet of natural gas. The 2011 average may decrease depending on the price of gas during 5 year period of 2006-2010. The general consensus is the more gas used should stabilize the price.

3-D Seismic Testing Policy:

Chairman Flanagan advised the committee the County had received a request from Norse Energy, Inc. to conduct 3-D seismic testing across County owned property adjacent to County Rte 10, in the Town of Preston. The concern expressed by Chairman Flanagan is this would allow access to geological data on adjacent properties which could be perceived as a mineral trespass issue. The discussion focused on development of a policy addressing seismic testing along County roads and on County property. The policy should be fair and non-obstructive but address potential adjacent property owners concerns. Mr. Vickers made the motion to refer a recommendation to Ag, Bldgs & Grounds Committee to develop a policy regarding gathering of seismic data from County owned land without just communication and consideration to neighboring property owners. Second by Supervisor Phelan all ayes approved the motion.

County Referral for Proposal (RFP) Sub-committee:

On February 11, 2010 a copy of the Broome County RFP for natural gas leasing was referred by the County Planning & Economic Development Committee to the County Attorney for his comments and legal opinion. In a memo from the County Attorney he stated "it would be inappropriate to provide legal advice to the Natural Gas Advisory Committee as its membership goes beyond County officials and employees and such action would destroy the attorney client privilege."

Supervisor Iannello, a member of the Planning & Economic Development Committee stated the County Attorney must respond to Planning & Economic Development Committee to enable them to continue review and development of an RFP.

The Natural Gas Advisory Committee can make recommendations to the Planning & Economic Development Committee. Mr. Palmatier made a motion requesting the County Planning & Economic Development Committee develop a County RFP to include leasing and Integration land policies. Second by Mr. Rowe, all ayes motion approved. It was suggested a prototype of any proposal be made available to the towns.

Water Testing:

Mr. DeClue commented he has received many questions regarding well water sampling parameters, capacity and flow rate per gallon. This baseline data would be beneficial in the event there were changes in a private water well that may be considered the result of natural gas exploration. Ms. Doing suggested Chenango Soil & Water provide a list of certified laboratories to provide to individuals inquiring about water testing. Well volume and flow rate issues would require well drilling logs or hiring a well driller to test the well if this information is not available.

Discussion continued about water well testing prior to seismic testing. In the recent 3-D seismic testing in the County, Norse Energy, Inc. contracted to test water wells within 1000ft of the seismic testing line.

The question was asked about the maximum depth of the potable aquifer in our area. In a recent seminar given by Colgate Prof. Bruce Selleck the potable aquifer in NYS could be at depths of 600-800 ft. which is well above the drilling depths for natural gas.

The dSGEIS has suggested all water test results be recorded and maintained at local health departments. There has

also been some discussion that it would be beneficial to test well water at least twice a year once during the spring when the water table is high and in the fall when the water table is generally lower.

Mr. Palmatier commented that the Department of Environmental Protection (DEP) in PA had determined the private well water problems were the result of inadequate cementing to seal along the casing. Isotopic signature of the gases indicated there was a mix of biogenic and thermogenic gases found to be leaking into the aquifer, which lead DEP to believe the seal was inadequate. NYS cementing practices differ from PA. NYS requires more depth and different consistency of cement.

Road Bonding:

Discussion relating to the possibility that additional insurance coverage may be essential for an RFP as bonding only provides financial guarantee that a job is completed.

To address drilling issues The Town of Lebanon has a contact with gas companies in lieu of bonding and additional insurance which may be more beneficial. Supervisor Iannello stated the Town of New Berlin permit process has a requirement that addresses damages in addition to a bond. An accurate road inventory is an essential component. Supervisor Natoli commented maintaining an accurate road inventory has been a topic of discussion at the County Public Works Committee meeting.

Discussion relating to developing road permits which addresses activity that is not usual and customary on a road, for example extensive logging projects, natural gas exploration, major commercial construction projects and operations, etc.

The committee is requesting Mr. Gibbon, Director Chenango County DPW attend the March 30th meeting to discuss possible options, type of potential cumulative damages.

This committee was established to make recommendations for development of County policy. The "Road Bore" policy for pipelines is important especially to establish uniform depth, pipe size, number of crossings, marking, etc. The committee is also requesting Matthew Beckwith, Deputy Director of County Emergency Management attend the March 30th meeting to provide any information he may have regarding pipeline road crossings, mapping, etc.

General Discussion on Related Topics:

1. Mr. Palmatier reported Commerce Chenango, as part of the recent natural gas webinar series, is organizing tours to PA. The tours may involve meeting with municipal leaders where natural gas exploration is active to discuss road impacts, economic development, etc. There will also be tours relating to education programs that may be beneficial for DCMO BOCES and Morrisville administrators.
2. The FOIL request was submitted to NYSERDA requesting information on the 2005-2007 study to obtain seismic data on natural gas in Chenango County. This seismic data to locate faults and fractures in Chenango County was obtained by Norse Energy, Inc. utilizing public funds. The information obtained was "to develop various pipeline models, consistent with the anticipated flow rates and reserves to most economically bring indigenous gas to Chenango County end-users from targets identified in this study (Raymond Corporation in Greene). Those models shall explore the potential to not only supply gas locally, but also to move any excess production into the interstate pipelines." (Task #10 Statement of Work)_After receiving the FOIL report from NYSERDA questions still remain:
 - Where are the pipeline models?
 - Where are the pipeline maps?
 - Recoupment Agreement 7545A: "parties agree that an Area of Mutual Interest (AMI) is established of all acreage within one mile of predefined seismic linesThe contractor agrees to pay NYSERDA the following Overriding Royalty Payment of Sales: 1.5% of the Sale price until total payments to NYSERDA reach \$200,000.00" Was this payment honored?
 - The Seismic report is proprietary. Seismic lines on the report are not completely accurate. Consideration should be given to requesting accurate information.
 - What trade secrets were withheld?Chairman Flanagan suggested referring these questions back to the County Attorney to send another FOIL request to NYSERDA to address these questions. In addition how successful was the project and how valuable is the seismic information to Norse Energy, Inc.?
3. Chairman Flanagan and Mr. Palmatier recently had a meeting with NBT staff to update them on the natural gas activity in the County. Chairman Flanagan advised the committee the Town of Preston has signed a lease with Gastem, Inc. for the Herkimer formation only on the Preston property recently integrated into the Maynard 1H gas well spacing unit.
4. Mr. Vickers commented on the recent visit by the Mayor of Dish, Texas. Mr. Vickers provided clarification on

the Mayor's position: he was not paid by anyone to speak in the area: they will resolve issues in Texas; he is not anti-gas exploration; air quality from the numerous compressor units has been primary concern as Dish, Texas is a junction for loading/unloading gas from numerous pipelines; important to insure adequate set back from residents; the Primary message "Do it Right".

5. Discussion relating to pipelines and relationship of Utility companies: Utility transmission lines generally utilize "eminent domain" where the local natural gas exploration companies, at this time, are not classified as a utility. However, Norse Energy, Inc. has a pipeline division which maybe a Utility.
6. Mr. Vickers commented the advantage of joining in an Ag District is primarily pipeline layout, etc.
7. Chairman Flanagan commented on a recent discussion with Lauren Johnson, USDA/NRCS District Conservationist, regarding the recent "Canasawacta Creek Floodplain Easement Program". There were potentially 10 property owners along the Canasawacta Creek enrolled in this program agreeing to keep their property undeveloped. Due to numerous properties with natural gas leases and an unwillingness of the gas companies to subordinate interest in the properties, the program was cancelled. Mr. DeClue commented that participants in the Wetland Reserve Program have been permitted to allow natural gas pipeline/drilling boring under the wetland areas as long as there is no surface disturbance.

There was no further discussion and the meeting was adjourned at 10:00 a.m.

Next Meeting, Tuesday, March 30, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, County Planner

Natural Gas Advisory Committee Meeting Minutes, March 23, 2010

Attendees:

Peter Flanagan, Supervisor, Chairman
Linda Natoli, Supervisor
William Craine, Supervisor
James Bays, Supervisor
Stephen Harris, Dir. Real Property
Steve Palmatier, CC Nat. Gas Consultant

Ken Smith, Dir. Cornell Co-Op Ext. Chen. Co.
Bradd Vickers, Chenango Farm Bureau
Rena Doing, County Planner
Charles Rowe, CNY Coalition

Barney O'Rourke, Power Management Co.
Stephen Fournier, Otsego Co. Legislator
Terry Bliss, Otsego Co. Planning
Sam Dubben, Otsego Co. Legislator
Doug Besemer, Coventryville Resident
Gene Rood, Chenango Engineering

The monthly meeting originally scheduled for March 30th was changed due to schedule conflicts. The March 23rd meeting was called to order by Chairman Peter Flanagan at 8:00 a.m. in the County Board of Supervisors Chambers.

Chairman Flanagan welcomed visitors and asked for introductions from everyone present.

Revisit County Law 215 Legislation:

Chairman Flanagan had invited Otsego County Legislators to the monthly meeting to discuss the importance of support from New York State non-chartered Counties in passage of a resolution asking the NYS Legislators to amend County Law 215. This law, as currently written, restricts non-chartered Counties from leasing land beyond 5 years. The request to amend County Law 215 is not an attempt to aggressively lease County land to a gas exploration company. Amending the law would give a county more options if/when it is integrated by compulsory integration into a spacing unit. At this time the County's only option is taking the minimal royalty of 12.5% if integrated.

Chairman Flanagan, as Supervisor for the Town of Preston, explained the recent transaction the Town of Preston completed with Gastem, Inc. Chairman Flanagan refers to as option 3b. The Town of Preston leased their portion of the Herkimer strata, which had been integrated into the Maynard well spacing unit. They declared their property as surplus, based on the premise the land had been alienated per Environmental Law 23. This action is allowed under Town Law. The town secured a lease of 18.75% from Gastem, Inc. which is considerably higher than the standard 12.5% royalty option. This transaction in turn provides Gastem, Inc., as the lessee, with the option to be a "participating owner" in the Maynard well, giving them access to all available information relating to exploration and development of this site.

Discussion on related topics continued:

- Mr. Vickers commented the bills amending County Law 215 are in both Assembly and Senate with the possibility of passage after finalization of the NYS budget.
- Mr. Palmatier stated that Senator Libous expressed the importance of support from Otsego County to indicate to Assemblyman Seward Otsego County's approval.
- Mr. Fournier stated Otsego County Legislators had tabled a vote on the resolution to support the amendment to County Law 215.
- Mr. Palmatier commented on recent reports that the shale formations may not be the primary goal in Otsego County. The Oneida and Herkimer formations have been targeted and indicate productivity. Mr. Bliss asked for clarification on the Oneida formation. Mr. Palmatier explained the Oneida formation is sandstone. Sandstones have been productive. It is believed the natural gas has migrated from the deeper Utica shale formation over time into the sandstone formations of the Herkimer and Oneida. The Herkimer formations have been successfully developed by drilling into the natural fissures and faults.
- Chairman Flanagan commented when leasing it is important to incorporate a "Pugh clause" which allows at the end of the lease period, all acreage not in production to be released from the original lease. This would allow for re-leasing or retaining a portion as un-leased property. Geologist Don Zaengle has provided information on the potential of developing nine (9) formations in this area.
- Mr. Fournier commented that Chenango County has been working on the realty that natural gas exploration is happening. Supervisor Bays added we have been reacting to drilling and it is important to focus on proactive activities. Co-generation projects are an essential key especially in relation to the potential to reduce the cost of electricity.
- Supervisor Natoli added this committee has tried to remain balanced on the natural gas issue and concerns.
- Chairman Flanagan commented that Economic factors were instrumental in the County's decision to hire Mr. Palmatier as a consultant.
- Mr. Vickers interjected the role of government is to act in a manner for the benefit of everyone.
- Mr. Bliss questioned if this committee is part of County government? Chairman Flanagan stated it is a volunteer committee sanctioned by the County Board of Supervisors. The committee is open to all comments and can refer suggestions/requests to the various Board Committees if warranted.
- Mr. Palmatier added natural gas exploration is very complicated and diversity is a critical component for communication.
- Mr. Vickers concurred with this statement, observing in the past 11 years there is actually no true expert out

there to answer all the questions.

- Mr. Flanagan complimented the NYS Farm Bureau for taking the initiative to start the natural gas exploration education process.
- Mr. Dubben asked if the County had adopted a County Road Protection Plan. Chairman Flanagan stated this has been discussed with County DPW but at this time there is no policy. The general consensus by County DPW is the county roads should adequately handle the increased traffic loads. However, Towns have been encouraged to adopt road protection plans to include road inventory, weight limits when/where necessary, bonding, etc.

Regional Developments:

- March 25, 2010 Otsego County Legislators will be hosting an informational forum to provide individuals with the opportunity to speak about their concerns relating to natural gas exploration. Mr. Palmatier is planning to attend and speak briefly.
- March 30, 2010 Mr. Palmatier will be attending a regional meeting in Sayre, PA as a representative from Central NYS.
- April 1, 2010 The Chenango, Otsego, Delaware, Madison Regional Natural Gas Collaborative will meet in the Chenango County Board Room at 2 p.m.
- The Joint Land Coalitions of Central NY is currently developing a website representing (37) NYS Coalitions and 750,000 acres of land. The site address will be: www.jlcnyc.org or www.jlcnyc.net
- Chairman Flanagan stated the National Association of Royalty Owners (NARO), a national organization representing oil & gas royalty owner's interest, has been approached and is becoming more involved with the Coalitions.
- Mr. Smith stated Cornell's position is to provide support in positive ways, by reducing negativity to natural gas exploration through education.
- Joint Land Coalitions will be meeting at the Broome County Cornell Co-operative Extension on Front Street, Binghamton, May 23rd. Geologist Don Zaengle will be presenting.
- Geology Professor Bruce Selleck has been hosting several geology seminars as well as posting natural gas information on the Colgate website: <http://offices.colgate.edu/bselleck/NatGas.htm>
- Chairman Flanagan mentioned that Gastem, Inc. President Orville Cole intends to post the chemical test results of the drilling flowback water on their website.

Roads:

- Chairman Flanagan stated the County has updated road bore and seismic permits. The County Public Works Committee has requested more protection, consensus from the County DPW the roads are adequate and no need at this time. It is important to communicate with gas companies to keep on top of any potential road damage. At this time the County has no road bonding policy. It has been recommended to the towns they develop regulations and road inventory with pictures.
- Mr. Vickers commented that other counties have been developing driveway permits primarily for industry. This would not be singling out the gas companies, and is not unlike requirements for large construction projects.
- Supervisor Bays stated that initially the gas companies were addressing everything with the Highway Superintendent in lieu of the Town Boards. It is important to include the Town Board members for negotiations and budgeting issues.
- Supervisor Natoli added that bonding is not always the answer, it is important to develop an accurate, current road inventory. An accurate inventory is critical for addressing any questionable road issues.
- Driveway permit: Maynard well off County Rte 4 to be granted to owner, Chenango County, as industrial for a limited time.
- Chairman Flanagan discussed the difference between abandoned roads and seasonal roads relating to maintenance. An "abandoned" road the town right-of-way reverts to owner; "qualified abandonment" right-of-way is retained by the town, but not required to work the road; seasonal roads posted with temporary closing/no maintenance during that time. It is important to maintain the seasonal roads to the full allotted right of way of 3 rods. If sufficient right of way was not acquired initially it is important to purchase additional to exercise the right-of-way. He suggested the towns and County be aware of potential vehicles that may require "R" permits.
- Mr. Bliss stated they are working with Otsego County DPW to develop "County Road Preservation" to assist all towns.

Water Issues:

The Chenango County Preston Manor and the Town of Preston Highway Department water wells have been tested to

provide baseline information prior to any drilling at the Maynard well site.

Pipelines:

The pipeline company has completed boring under County Rte. 10 and the adjacent wetland for a distance of 1200 feet at a depth of 60 feet to connect with the Blood gas well.

County DPW contacted Norse Energy, Inc. to voice their concern that no natural gas pipeline markers had been placed where the pipeline crosses County roads.

Discussion continued on the concern there is little or no adequate oversight on the low-pressure pipelines. Mr. Vickers stated recommendations have been made for legislation to address this issue.

Seismic Testing:

The County has declined permission for 3-D seismic testing on County owned land without receiving proper compensation, a copy of the seismic data and permission from the adjacent neighbors. 3-D seismic testing can extend up to a mile.

There was concern that the County did not take a stronger stance when they conducted 2-D seismic testing along the County roads in the past.

Mr. Bliss commented on the value of the information and questioned if coalitions could play a role in protecting landowners from seismic testing.

Consultant Report:

Mr. Palmatier reported on the following topics:

- SUNY Morrisville has been actively working toward establishing a natural gas related degree program. The proposed SUNY program consulting committee will continue communications by e-mail to move the program forward.
- An overview of the pipeline/seismic NYSE&G & Norse Energy, Inc. project from 2003. This project was designed to develop and maintain jobs in Chenango County. The project initially was paid for by public funds entitling Chenango County to "FOIL" for the data. NYSE&G would be compensated for this project by Norse Energy, Inc. through a recoupment agreement of 1.5% of the natural gas sale price from wells within a designated distance of the project route, until total payments to NYSE&G reach \$200,000.00. NYSE&G recently received \$ 30,000 from Norse Energy, Inc.
- Discussion relating to potential of co-generation and the re-development of the former NYSE&G Jennison Plant in Bainbridge, NY, from coal fired to natural gas.
- Commerce Chenango has completed the data base of local entrepreneurs for distribution to natural gas exploration companies and industry related sub-contractors.
- Still working on marketing of industrial property. Since the natural gas rush in Pennsylvania abandon property has become useful and the value has increased.

Supervisor Bays suggested Mr. Palmatier maintains a log of success stories, as well as progress on projects he has initiated for future documentation and reference.

Taxation:

Mr. Vickers stated NYS Farm Bureau lobbied State Legislators March 1 & 2 as well as met independently with NYS Office of Real Property Services (NYSORPS) Executive Deputy Director Victor Malison. There has been concern expressed about the possibility that mineral rights may be assessed separately. NYSORPS confirmed this is not happening at this time. NYSORPS is considering NYS Legislation to address this issue.

Mineral Rights assessment is a huge issue that could result in classes of ownership, surface and mineral land owners. Assessments may become a big issue. At this time mineral rights are "personal property". A local Assessor has the right to assess mineral rights but not recommended as there is limited knowledge on how to fairly/accurately do it. The variation from town to town would also be an issue.

Mr. Harris stated the issue of breaking out mineral rights as an assessment creates an enforcement problem if assessed mineral rights were unpaid and the minerals had been depleted which would result in on value at a tax sale.

Mr. Bliss suggested that Coalitions should consider this issue.

Mr. Rowe stated Coalitions have no legal rights to provide legal opinions.

At this time the largest private property owner in Chenango County is Norse Energy, Inc. with approximately 6000 acres. A considerable portion of this property is for sale, less the mineral rights.

Chairman Flanagan stated the law and legal opinions have made it legal to assess mineral rights but there is no procedure in place, ultimately the responsibility of the local assessor.

Mr. Harris provided a chart comparing Chenango and Madison County tax levy relating to natural gas production. A minimum production levy can be added to a well anytime during its' lifetime. Chenango County has opted to apply this levy in the initial phase.

Discussion continued about "NYSDEC 480A Forest Plan" and the problem created when a gas well is drilled on property enrolled in this plan. It is important to address compensation from the gas company due to the loss of exemption and potential fines as a result of a change in the 480A Forest Plan agreement in any lease.

Mr. DeClue was not available to attend today's meeting however he provided a draft copy of the potential role of the Soil and Water Conservation Districts as it relates to natural gas development and local natural resources management.

There was no further discussion and the meeting was adjourned at 10:30 a.m.

Next Meeting, Tuesday, April 27, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, County Planner

**Natural Gas Advisory Committee
Meeting Minutes, April 27, 2010**

Attendees:

Peter Flanagan, Chairman James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin John Phelan, Supervisor T. Coventry Steve Harris, Dir. Real Property Tax Bradd Vickers, Chenango Farm Bureau	Kenneth Smith, Dir. Cornell Co-Op Ext. Donald Franklin, Chair Ag/Farm Protection	Dan Degear, T. DeRuyter Madison Co. Roger Bradstreet, T. Nelson Madison Co. Cliff Tamsett, Atty. Eugene Rood, Chenango Engineering Doug Besemer, T. Coventry resident Regina Dascher, Leadership Chenango
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Chairman Flanagan welcomed new visitors and asked for introductions.

The monthly meeting was called to order by Chairman Flanagan at 8:10 a.m., with no additions or corrections to the March 2010 meeting minutes, discussion proceeded on the following agenda topics:

Maynard Well Status:

Chairman Flanagan reported on the April 21, 2010 meeting at the Town of Preston with representatives from Norse Energy, Fred Johnson and Dean Cummings. At the meeting Chairman Flanagan was advised the drilling of the Maynard 1H well has been delayed. In addition the NYSDEC website indicates the compulsory integration process has not been completed. After contacting a representative at NYSDEC they confirmed the compulsory integration for the Maynard 1H spacing unit is not complete, stating Norse Energy has not provided additional information finalizing compulsory integration.

It is rumored a well is proposed for the Aarismaa property on County Rte. 18. However at this time there has been no permit application submitted to NYSDEC, in addition there are no drilling rigs currently available in Chenango County. The drilling rigs have relocated to West Virginia primarily due to the weight restrictions on many town roads preventing movement of the heavy equipment. Norse Energy estimates their delay in drilling operations cost them approximately \$26,000 per day.

Norse representatives were asked if there are plans to convert the proposed vertical Utica wells to horizontal wells in the future. At this time Norse Energy has no plans to move in this direction as the pipeline would not have adequate capacity. In 2010 Norse Energy may drill anywhere from five (5) to eighteen (18) wells in Chenango County.

The planned extension of the Norse Energy pipeline in the vicinity of County Rte 18, would be accessed by the Howe 1 well (Oneida formation), which is temporarily abandoned in the T. Preston.

The remaining Town of Preston well, Doty 1 (Oneida formation) when initially drilled was a learning process for Norse Energy. The well had numerous water issues, and increased pressure which caused cementing problems along the casing.

The committee reiterated concern about the potential for damage from the heavy drilling equipment traversing town and county roads. Chairman Flanagan stated during his discussions with Norse Energy their policy is to video roads prior to working in an area as well as designating specific travel routes to reduce the potential for road damage. It is equally important for town highway departments to consider a similar policy.

Discussion continued on the issue of seismic testing. A seismic company is currently renting a camp at Chenango Lake, as its headquarters. In conjunction, a survey company "Right of Way Land Services" with offices on Hale Street, Norwich has been canvassing the County to secure permission for 3-D seismic testing across private land. The goal is to augment current seismic data with the 3-D enhanced imaging.

Mr. Vickers stated he has received calls regarding the use of "strong arm" tactics to secure permission for seismic testing on property where there is no lease. Recent articles indicate Pennsylvania has not been supportive of seismic testing. Chairman Flanagan encouraged the towns to enact a seismic law. The Town of Preston developed a law based on Town Law Article 4, section 64, subdivision 7, requiring permission from the Town and adjacent property owners prior to seismic testing to address potential trespass issues. Mr. Tamsett concurred seismic testing could be perceived as surface as well as a sub-surface trespass issue. Mr. Vickers stated he has been in contact with the NYS Atty. General's office inquiring if there are any seismic trespass cases pending. At this time there are no cases.

Chairman Flanagan commented on the recent County position regarding seismic testing across County owned land. Supervisor Iannello suggested the County should be consistent with their seismic testing policy to include the County road right of ways as a consideration to the adjacent property owners. The County Supervisors present at this meeting concurred the seismic issue should be revisited by the full Board of Supervisors.

Regional Natural Gas Collaborative Meeting:

Chairman Flanagan advised the committee Mr. Palmatier will be reporting on the April 1, 2010 Economic Development Four County meeting as well as a Natural Gas meeting in Pittsburgh at the May meeting.

Letter to Supervisors from Mr. Fogarty:

The members of the Board of Supervisors each received a letter from Mr. Fogarty, resident in the Town of Guilford, voicing his displeasure relating to Mr. Palmatier's position and comments at the April 1, 2010 Regional Collaborative meeting. Mr. Palmatier reminded guests at the Regional meeting his role as the County Natural Gas consultant is to focus on Economic Development opportunities relating to natural gas exploration, for the County and residents. The general consensus of the Supervisors and committee members is Mr. Fogarty may have confused the role of the regional meeting and monthly natural gas committee meeting where discussion explores numerous topics.

Legislative Update:

"Fracking Bill" proposals have been introduced in both the NYS Senate and Assembly.

Supervisor Phelan commented on the recent NYSDEC Land Management Plan for NYS land in the T. Coventry. The plans are generally updated every ten (10) years. Supervisor Phelan stated the revised plan addresses the potential for natural gas exploration. The land management plan would limit any potential gas drilling disturbance to the outer edges of the state land minimizing any impact.

Chairman Flanagan commented that NYS is the largest landowner in Chenango County which could ultimately have an impact on gas pipelines and drilling.

The question was raised regarding the NYS tax on gas production from State owned land. This would be paid by the gas company. Chairman Flanagan reminded everyone this is not a revenue stream but an assessment which can be taxed.

DEC Proposal for different standards:

Discussion continued on the recent NYSDEC proposal for additional permit application requirements to drill wells in the NYC and Syracuse watersheds. Chairman Flanagan expressed concern that what is good enough for NYC and Syracuse should pertain to everyone in NYS. Mr. Tamsett added the purpose for this action may be to reduce the issue of eminent domain.

Cuomo Report:

A recent 128 page report had been prepared for Attorney General Cuomo which indicates Cuomo's disapproval of natural gas drilling in NYS. This report was not available for public review which resulted in a "FOIL" request by the news media. Supervisor Phelan stated he would be meeting this afternoon with an Assistant NYS Attorney General and he will ask for a copy of the report.

Chemung Landfill:

A recent report stated the Chemung County landfill was taking in 1000 to 2000 ton of drilling waste cuttings per week since last fall. Chairman Flanagan suggested Chenango County DPW should consider their position on taking drilling cuttings at the landfill, if the cuttings presented no environmental problems. NORM could be an issue. Discussion continued on the potential of adding radioactive material to the County landfill. Supervisor Phelan stated the radioactive monitoring equipment at the landfill would detect any radioactive materials entering the landfill reducing the potential of contamination.

Distributing the drilling cuttings on vacant farmland or "Mud Farming" was discussed as a possibility for disposing of the drilling cuttings. Mr. Vickers commented on the practice of "mud farming" in Texas and concern of adding heavy metals, etc. to the land. Additional investigation and testing should be conducted before considering this as a viable option for disposing of the waste.

Cementing Wells:

In a recent news article the report "From Mud to Cement-Building Gas Wells" ([Download: From Mud to Cement—Building Gas Wells](#) (0.56 MB PDF) was referenced addressing the importance of properly cementing/sealing the well bore. Drilling accidents resulting in water well contamination have been shown to be the result of inadequate cementing between the casing and formations to protect the aquifers. The aquifer contamination was not due to hydrofracking. This report explains the need to vary the consistency and formula of the "cementing mud" to conform to the bore and surrounding formation to insure a proper seal. The report addresses how 30+ year old wells, in western NYS, as well as other states, have been found to be slowly leaking methane gas to the surface. This is believed to be due to deterioration of the old cement seals not designed for continued environmental changes.

Compressor Toxins:

Discussion relating to the Texas Public Health report on toxins found in area residents blood, believed to be associated with the poor air quality in Dish, Texas. The Dish residents live in close proximity to a network of large pipelines and large compressor stations, transferring natural gas to various locations. There appears to be evidence the concentration of pipelines and equipment in this small community may be affecting the air quality and ultimately the health of the residents.

Chenango towns should consider adopting regulations limiting the number of compressor units in a specific area as well as require air quality monitoring with documentation of daily equipment calibrations. Ms. Doing contacted NYSDEC Division of Air Resources inquiring about air quality regulations in NYS. There is no ambient air quality monitoring requirement. The closest ambient air quality monitoring facility is at Camp Georgetown, Madison County where ozone, sulfur dioxide, and acid deposition is monitored.

Federal certification of compressor engines threshold permits units of 400 HP and higher in upstate NY. New Federal regulations are for new engines only, older engines are "grandfathered". Total allowed emissions for a major facility is 100 ton per year nitrogen oxide and carbon monoxide per facility.

Marcellus Deal:

The recent report regarding the Reliance/Atlas deal suggests the true potential value of the 14,000 acre Marcellus shale could be equivalent to \$ 56,000.00/acre based on potential production.

Town Water Ordinance/Road Damage Issues:

Recently a draft Town Water Ordinance relating to water use and adequate supply was drafted and sent to the Planning Department for comment and review. A copy of the draft ordinance was sent to the Town Supervisors for review and an opinion. The general consensus of opinion is this draft may not be beneficial for the majority of towns in Chenango County, unless a jurisdiction owns a surface water supply such as a reservoir.

Pennsylvania roads have experienced considerable damage from the movement of large drilling equipment and numerous truck loads of fracking water. The estimate water required to drill the "un-fracked" Maynard 1H well would be 56 tractor-trailer loads of water, which by comparison is minimal compared to the estimated 592 truck loads Mr. Vickers stated he has seen in various reports. PA companies have resorted to making man-made ponds and laying surface pipelines to pump water to drilling sites as an effort to minimize traffic and road damage.

Supervisor Phelan questioned the practicality of gas companies acquiring water from the V. Sherburne for drilling wells in the town of Coventry and Afton when there other public water supplies closer to the proposed wells.

Road damage continues to be a primary concern. It is important to meet with natural gas companies to establish regulations, routes, etc. Mr. Vickers stated Texas has road permits which include weight fees. Supervisor Phelan suggested consideration should be given to establishing permit fees based on NYSDOT "bridge weight" (<http://www.nydmv.state.ny.us/forms/mv519.pdf>) regulations which refers to the distance between the tires, axles, etc. Generally most tank truck vehicles cannot pass "bridge weight" specifications. Supervisor Degear (T.DeRuyter) commented Canada may require "bridge weight".

In 2006 the Town of Lebanon, Madison County, adopted a road bond agreement with Norse Energy. Ms Doing will contact Supervisor Goldstein to ask for a copy and permission to place it on the Chenango County Planning Department website.

Chenango Co. Driveway Permit Revision:

Chairman Flanagan advised the committee the County DPW has revised the County driveway permits. Driveway permits will be issued distinguishing between residential and commercial use. Roadside signage has been addressed to provide adequate warning before entering a gas exploration area. Norse Energy advised Chenango Co. DPW the pipeline delineators are on back order and will be installed as soon as they are available.

2010 Production Values for Property Tax Assessments:

Mr. Harris reported the 2010 natural gas production values have increased County wide with the majority of the increase in the Town of Smyrna. NYSORPS calculations indicate an increase in production values of 23%. This increase in assessed values will benefit town/county/school and fire districts. The values will fluctuate year to year and should not be considered as a viable income source for budgeting.

This influx of extra funds to local municipalities would appear to be more beneficial to the County and Towns than a direct State Severance tax.

Supervisor Iannello asked for an opinion on Broome County's proposal to separate mineral rights from delinquent tax sale property. Chenango County Supervisors are generally opposed to retaining mineral rights when properties are sold at tax sale. Discussion continued on potential options a property owner could consider prior to a tax sale or foreclosure. For example the mineral rights could be severed from the property and deeded separately prior to any sale/foreclosure to retain some benefit from a potential gas lease.

General Discussion:

- Mr. Tamsett questioned if NYSDEC maintains a database of NYS water well data. Ms. Doing advised Mr. Tamsett all NYS Water Well Drillers must be certified and well log information provided to NYSDEC. It is unknown if there would be data on water quality or the presence of gas. The suggestion was made to contact the well drillers directly for this information as many wells in Chenango County have been found to have gas naturally occurring in the water.
- Supervisor Phelan stated the Town of Coventry had compiled water well data several years ago from private wells in the town.
- Mr. Vickers commented he would like to obtain a copy of the documentary film "Gas Odyssey" relating to the development of the Marcellus Shale in southern NYS and Susquehanna, Pa.
- Chairman Flanagan stated during a recent conversation with Mr. Palmatier, John Martin of NYSERDA suggested hydrofracking may be prohibited in formations above 2000 ft.
- Mr. Smith stated in a Cornell Study there was no major issue with roads in relation to natural gas exploration. In addition it was calculated \$30,000/acre is recoverable from Marcellus wells. Mr. Smith will follow up with Cornell regarding any "mud farming" or spreading drilling cuttings on farm land at a May 7th in-service program. He will share information from this meeting at the in-service.
- Supervisor Phelan recapped today's meeting: At least 50% of the discussion was relating to environmental issues", indicating this committee strives to maintain an awareness of potential problems as well as opportunities relating to natural gas exploration.
- Chairman Flanagan reiterated land owners need to continue to be aware of how leasing land for gas exploration can have potential consequences for other State and Federal land programs a landowner may be involved with, for example: "480A Forest Exemption Program", "Wetland Reserve", and other farmland or open space exemption programs.

With no further discussion, Mr. Vickers motioned to adjourn, second by Supervisor Phelan. The meeting was adjourned at 10:15 a.m.

Next Meeting, Tuesday, May 25, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
Meeting Minutes, May 25, 2010**

Attendees:

Peter Flanagan, Chairman Ross Iannello, Supervisor T. New Berlin Richard Schlag, Supervisor T. German Stephen Palmatier, Consultant Steve Harris, Dir. Real Property Tax	Bradd Vickers, Chenango Farm Bureau Kenneth Smith, Dir. Cornell Co-Op Ext. Shane Butler, Planner Rena Doing, Planner	Cliff Tamsett, Atty. Jennifer Tavares, Commerce Chenango
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Chairman Flanagan called the meeting to order at 8:00 a.m. Discussion continued on the following agenda topics:

2010 Assessment Related to Production:

Chairman Flanagan commented on the continued confusion relating to revenue from natural gas production. The natural gas production increase in 2009 from the active gas wells in Plymouth and Smyrna is partially due to a 23% increase in assessed unit of production value. This increase in production and the unit of production value calculates to an estimated \$ 11.5 million in assessment. It is important to understand that natural gas is taxed on the assessment of the production, the unit of production value and the previous year's equalization rate. The unit of production value is based on a 5 year gas price formula devised by NYS Office of Real Property Services. Mr. Harris commented the 2011 assessment may decrease due to the drop in natural gas prices, consequently lowering assessed value.

Supervisor Iannello questioned if the sale of "futures" by Norse Energy affects prices? Mr. Harris stated this does not affect the assessed value or the 5 year NYSORPS formula for calculating the assessed unit of production value. Discussion continued on the problems the NYSORPS formula and equalization rates present for municipalities budgeting forward. For example: The calculation uses the 2009 Production, the 2010 unit of production value and the 2009 equalization rate for establishing assessments. The added gas assessment and declining current equalization rate will result in some relief for Town budget, but could lead to the increase of School and County tax levy share. Question if the increase in assessment relating to school budgets could result in a decrease in state aid?

Supervisor Iannello asked if there is an average figure of well production. Mr. Harris stated there is no averaging for gas well production, it varies up and down. A review of past production figures would provide data for calculating an average rate of production. Mr. Harris commented the figures for production indicate the number of months a well has been operational not the number of days in a specific time period or if it is operating at full production. Gas flow may be reduced or shut down when the main transmission line is at capacity.

Chairman Flanagan commented that as additional wells come on line there may be stabilization of production. The latest figures indicate one well in the Town of Smyrna accounts for nearly 50% of the total 2009 production.

Supervisor Iannello commented the increase in assessments creates a budgeting challenge for the municipality. It is important not to commit the increased funds but keep funds in reserve operating a year behind to stabilize and flatten the municipality's tax rate.

Discussion continued on assessment of the gas wells. If the well owner's real property tax is based on gas production what happens when a well is no longer producing, the two year minimum tax has been expended and there is no assessment of the physical property? Supervisor Iannello asked if or how disposal/storage wells are assessed and taxed and it was suggested that consideration should be given to assessing and taxing physical property.

Mineral Rights/Leases on Tax Sale Property:

Confusion still surrounds the legality of transferring mineral right leases when a property is sold at a tax sale. Mr. Tamsett stated the lease is part of a "fee conveyance". An opinion from NYSORPS may resolve this issue.

Consultant Update:

Mr. Palmatier has been busy attending various meetings relating to natural gas exploration. The following is an overview of information shared with the committee members:

- Norse Energy, Inc. has recently purchased an oil/gas shale operation in Texas.
- NYS will continue to be in competition with areas around the world, with infrastructure being one of the keys for advancement in the natural gas market. However, at this time NYS is considered a political problem for most gas exploration companies. SGEIS needs to be finalized before we see major activity.
- NYS natural gas production is down in 2010.

- More consideration needs to be given to utilizing natural gas for co-generation vs. coal. In addition to expanding availability of natural gas to companies and residents that have not had access to natural gas and are currently using propane. Conversion is a key component for increased natural gas production.
- Norse Energy, Inc. will continue to extend the pipeline from the Town of Preston toward the Millennium transmission line in the southern tier of NYS. The Tennessee gas transmission line in Pennsylvania will be upgraded to accommodate increased gas production. The Tennessee in NY is also being upgraded as in the Niagara to Canada.
- Pipeline development funding is available. The discrepancy in pipeline right of way prices per foot and concern about what the right of way will be used for has become an issue in obtaining a right of way for development. Mr. Harris commented the fees paid for a right of way have been the same for the larger transmission lines as the smaller gathering lines. There should be some differentiation in pricing for the varying sizes of pipelines.
- At the American Association of Independent Geologists meeting a number of consulting firms/industry representatives provided information on their presentation to the NYSDEC relating to chemicals in “fracking” solutions. The primary reason for not providing a decisive breakdown of “fracking” fluid chemicals is the differing affects bactericides have on the polymers added to fresh water to straighten the water flow, reducing the energy needed for the process. In NYS the company provides the fracking chemical formula to NYSDEC, listing the chemicals but no specifics on the chemical concentrations, the bactericide or the surfactants used. Europe has addressed the chemical confidentiality issue by rating all chemicals in three categories by risk factor: Human, Environmental and Reactivity.
- The general consensus of the geologist regarding radioactivity of drilling cuttings for landfill cover is not a problem. The drilling cuttings do not set off the landfill radioactivity detectors, however the “T-Norms” have been found to bind with iron (pipes, drilling rigs, etc.) which could activate radioactivity detectors. Chairman Flanagan commented Chenango County DPW will be gathering additional information on drilling cuttings prior to giving any consideration of accepting any drilling cutting for landfill cover.
- Economic Development relating to Natural Gas related businesses continues to be a focus for the County. There has been some interest to develop a natural gas industrial park on sites with existing buildings and access to rail service. Businesses could include pipe storage, treatment of flowback water, etc.
- If the dSGEIS is passed the area needs to be prepared for an influx of individuals requiring housing. In PA the locals have been priced out of the housing market due to the willingness of workers to pay higher prices.
- The local or State Health Departments should consider addressing temporary housing issues at the drilling sites where several mobile sleeping units, water and wastewater units may be located for extended periods.
- Education opportunities for gas related employment should be a priority at DCMO BOCES and SUNY Morrisville. Ms. Tavares commented the majority of the infrastructure is in place at SUNY Morrisville. Mr. Palmatier added a laboratory maybe required but the gas industry may be receptive to providing some equipment.
- Supervisor Schlag asked if natural gas exploration in this area would be comparable to a “boom and bust” situation. Mr. Palmatier commented there will be a need for long range maintenance such as pipelines, dehydration units, metering, compression and wellhead which are permanent and require long-term employment. It will be similar to a bell curve but it is important to “capitalize on the curve”.
- Chairman Flanagan suggested methanol production from natural gas should be re-addressed as a component of economic development.

Regional/Collaborative Meeting:

The four County regional meeting will be scheduled sometime in June. There is no confirmed date at this time.

Maynard Gas Well Permit:

The permit for the proposed Maynard well in the Town of Preston has expired. Chairman Flanagan stated the explanation he received for not renewing the permit was “too many hassles”. It would require a new application for a new permit. If an application is submitted for a new permit at a expired/cancelled well site where the spacing unit includes “uncontrolled” property owners another integration hearing is required.

Aarisma Well:

Norse Energy has submitted an application to NYSDEC for a permit to drill a vertical well into the Utica shale formation on the Aarisma property in the Town of Preston. A Notice of Intent (NOI) was submitted to SRBC to acquire water for drilling. Mr. Palmatier stated this may be a stratigraphic well for exploratory reasons. This is the case with the Ross 1 well in Otsego County, drilled by Gastem Inc., which may eventually be used to monitor horizontal drilling and “fracking” in real time.

Compressor Toxins, Texas Report:

The Texas Health Department issued their findings on the compressor toxins. The report indicated no link between compressors and toxin level exposure to the area residents.

<http://pqasb.pqarchiver.com/stargazette/access/2040155421.html?FMT=FT&FMTS=ABS:FT&type=current&fmac=5d06bfd2f70713539393be694db9d715&date=May+24%2C+2010&author=Tom+Wilber&pub=&desc=Dish%2C+Texas+study+finds+no+connection+between+gas+compressor+station+and+toxin+levels>

Local Law Regulating Injection Wells:

At a recent meeting in Ithaca experts discussed disposal of drilling waste. One of the panel members commented local governments "have some say in where disposal wells can be sited, that is if municipalities already have such laws in place." It was suggested municipalities should develop legislation to regulate disposal wells through special use permits and zoning. Ms. Doing contacted the panel speaker to request a model ordinance relating to special use permits and injection wells, at this time there are no model ordinances. It is also questionable if NYSDEC Environmental Conservation Law Article 23 would supersede a local ordinance. The final consensus is to request an opinion from the NYS Attorney General Office on this issue.

General Discussion:

- Chairman Flanagan stated Norse Energy recently reported their natural gas reserves in NYS are double what were previously estimated.
- The use of brine on dirt roads for dust control. Towns need to compare cost (brine price at 15¢ per gallon, \$1.05/gal. for dust oil), vs. effectiveness, number of applications and time costs. The Town of Preston uses brine purchased from, Al-Kleen not from gas drilling waste, primarily for road stabilization. The use of brine from gas drilling is permitted by NYSDEC but not the "flow-back" water. The debate surrounding the use of brine on roads for ice/dust control is determining when flow-back water begins, when does brine stop, and what is the difference? Apparently this is determined by the driller. NYSDEC objected to spreading brine on roads in state land. Mr. Smith will contact Cornell Local Road Program for additional information relating to the use of salt for dust control and forward to Chairman Flanagan.
- Mr. Tamsett commented on a recent study prepared by Petro Enterprises, Inc., "Economic Uplift from Marcellus-Utica Development in New York State" located on the NYS Business Council website.

There was no further discussion. The meeting was adjourned at 10:10 a.m.

Next Meeting, Tuesday, June 29, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
Meeting Minutes, June 29, 2010**

Attendees:

Peter Flanagan, Chairman James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin Richard Schlag, Supervisor T. German Stephen Palmatier, Consultant Stephen Harris, Dir. Real Property Tax	Bradd Vickers, Chenango Farm Bureau Kenneth Smith, Dir. Cornell Co-Op Ext. Shane Butler, Planner Rena Doing, Planner	Cliff Tamsett, Atty. John Carson, T. Guilford Planning Melissa DeCordova, Evening Sun
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Chairman Flanagan called the meeting to order at 8:05 a.m. Discussion continued on the following agenda topics:

Consultant Update:

Mr. Palmatier commented on the following issues:

- A representative from China visited Chenango County as a potential location for commercial mushroom farming. This operation would require wood chips, mulch hay and manure for growing the product as well as a heating source for temperature control, a possible use for natural gas.
- Several visits have been made to Albany to meet with legislators regarding the status of Assembly Bill 9727 and Senate Bill S6325 relating to non-chartered Counties right to lease property for extended periods. There appears to be a continued misconception at the legislative level as to the importance of passing this bill.
- There is currently a Legislative Bill to re-establish a State Natural Gas Advisory Committee. There has been no action in several years.
- Three gas exploration support companies have expressed interest in the former Borden plant in Bainbridge as a potential warehouse/yard storage facility.

Brine Flow back Water:

As a follow-up to the May meeting discussion continued relating to the use of brine flow back water on town roads. Mr. Smith contacted the Cornell Road Program Coordinator for information on the efficiency of using brine flow back on roads. The brine content, sodium vs. calcium, has different affects on the road, with calcium being more stable. However, the brine flow back is primarily sodium. The process for utilizing flow back water requires a hauler to obtain a permit from NYSDEC; the hauler must test the brine's chemical properties to determine potential use; it can then be sold for dust control/road stabilization.

Mr. Palmatier questioned if calcium or potassium could be added to brine with a high sodium content to enhance the product for better effect, and is a copy of the hauler's test results available?

Supervisor Schlag questioned the testing process, how much and what chemicals? What does NYSDEC require before approval to use the brine and issue a "Beneficial Use Determination Permit"? Mr. Smith stated the beneficial use would relate to pH and calcium. Discussion continued as to how the formation strata would influence the beneficial use which could change from strata to strata.

Spacing Unit Issues and County Tax Sale:

Supervisor Schlag stated properties with 20-50 acres sold at the County Tax Sale for approximately \$2000 to \$3000.00 per acre. Question was asked if there was any activity on the property that was included in a proposed gas well spacing unit. Supervisor Schlag was not familiar with that property. The question was asked if the property was sold in a tax sale would the new owner receive potential gas royalties. The gas company has stated the property owner at the time receives any royalties. Discussion continued on the importance of education on tax laws and evaluating property.

New Integration Hearing for Blood Well, T. Preston:

A new Compulsory Integration Order Hearing was scheduled due to change in formation at the Blood well. There are two "uncontrolled" property owners included in the spacing unit. Chenango County is one of the properties involved. If legislation had been passed on the Assembly and Senate bills pending in Albany allowing "non-chartered" counties to negotiate leases > 5years this would have given the County another opportunity to negotiate a lease option with potentially better royalties.

Mr. Smith commented on investors that are considering purchasing mineral right options on small parcels of property, especially properties that are involved in Compulsory Integration.

Injection Well Ordinance:

Supervisor Bays reported the Town of Smyrna recently passed a moratorium on the placement of injection wells for disposal of drilling waste water.

Discussion continued on the legality of the law and if a waste water disposal injection well or a gas storage well could be taxed as real property. Mr. Palmatier questioned if the "Stage Coach" injection well fields in western NYS are taxed. Mr. Harris was asked to follow up with NYSORPS as a potential "Use of Property" value issue.

EPA Hearing:

On August 12, 2010 the EPA will sponsor a Public Meeting in Binghamton to provide the public with the opportunity to comment on the EPA Hydraulic Fracturing Study. Mr. Butler, Ms. Doing and Mr. Palmatier will be attending. Mr. Palmatier is scheduled to speak.

Towanda, PA School District:

A recent news release stated the Towanda School District has leased school property for gas exploration with no surface rights. Mr. Harris added if a school district drilled their own well, as a tax exempt entity they would not be required to pay production tax.

4-County Regional Meeting:

The Regional Education and Economic Development meeting with representatives from Chenango, Delaware, Madison and Otsego County will be Thursday, July 15, 2010, 2:00 p.m. in the Chenango County Board of Supervisors Chambers.

Cuomo Report Synopsis:

Mr. Vickers secured a copy of the natural gas report and Attorney General Cuomo's opinion on natural gas exploration in NYS. Mr. Vickers stated a summary of the report appears to favor New York City concerns.

PA and Texas Gas related Accidents:

Discussion regarding the recent reports relating to a gas well incident in Pa. and pipeline incident in Texas indicated they were the result of human error.

Norse Energy Pipeline Map Request:

Chenango County Planning Department requested a copy of the Norse Energy pipeline route. This request is primarily for the benefit of Public Safety, Emergency Management, First Responders, the County and Town Highway Departments. The response to this request would require Chenango County to sign a "Confidentiality Agreement". Mr. Harris advised the committee members that Norse Energy is obligated under Real Property Tax Law to provide the pipeline maps to the Assessors.

The suggestion was made to Mr. Harris that he request the Chenango County Attorney craft a letter to Norse Energy on behalf of the Assessors requesting the pipeline maps under Real Property Tax Law, for the benefit of Public Safety, Emergency Management and Highway Departments.

Mr. Palmatier suggested initiating legislation that would require pipeline maps be submitted within 60 days. Public Service Commission exempts Norse's pipeline based on residential regulations with gas pressure is <125 psi.

Landfill Cuttings-What is Radioactive/Co. Law?

Discussion relating to consideration by the County to accept natural gas well drilling cuttings in relation to radioactivity levels of the waste product. At this time the Chenango County Law does not establish a definition or radioactivity level threshold. The general consensus is to recommend readdressing the County Landfill Radioactivity Law to establish a threshold and definition. At this time the County landfill in the Town of Pharsalia has the radioactivity detector set at 3x the naturally occurring background level.

General Discussion:

- Supervisor Iannello asked Mr. Harris about the availability of the gas well production reports. Mr. Harris stated

the reports are available annually on July 1st for the previous year production. Supervisor Iannello asked Mr. Harris if it would be feasible to request regular gas production reports, possibly quarterly. This would provide a municipality with income information in a timely manner to assist in budgeting. Supervisor Bays expressed concern that the County should be providing education to the municipalities and residents on budgeting issues as well as all related natural gas issues to pull all the pieces together.

- Ms. DeCordova asked what representation is missing to pull the pieces together. The general consensus is the lack of legal council as well as knowledge relating to the financial condition of the County. Supervisor Bays emphasized more pro-activity is necessary. Mr. Vickers added the "Farm Bureau" will be providing a financial training program to address the royalty income affect on taxes.
- Supervisor Iannello requested Mr. Harris provide a comparison of the percentage of gas production tax funds going to School Districts and the County.
- Mr. Palmatier stated some of the existing Herkimer gas wells have been experiencing problems with formation water infiltrating the wells.
- Mr. Vickers commented on the practice of "flipping leases", a gas company develops the property or well then sells their lease options to another company. This presents a concern when not dealing with the same operating company should a problem arise.
- Mr. Vickers will be giving a presentation this evening in Sullivan County relating to various natural gas issues.

There was no further discussion. The meeting was adjourned at 9:50 a.m.

Next Meeting, Tuesday, July 27, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, County Planner

**Natural Gas Advisory Committee
Meeting Minutes, July 27, 2010**

Attendees:

Peter Flanagan, Chairman James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin Richard Schlag, Supervisor T. German Stephen Palmatier, Consultant Stephen Harris, Dir. Real Property Tax Bradd Vickers, Chenango Farm Bureau Kenneth Smith, Dir. Cornell Co-Op Ext. Rob DeClue, Chen. Co. Soil & Water	Jennifer Tavares, Commerce Chenango Shane Butler, Planner Rena Doing, Planner	Bruce Sedwick Katharine Dawson Patricia Heaton Erin Heaton Barbara Collins Peter Hudiburg Chris Brunner Mary Heaton Heriberto Rodriguez	Earl Callahan George C. Wright Kenneth Fogarty Helen Kaufman Peter Marshall Gary Simpson Drew Piaschyk John VanLierde Annette Pfaniensiel
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Chairman Flanagan called the meeting to order at 8:05 a.m. and asked for introductions from all the attendees prior to starting the meeting.

For the benefit of the guests Chairman Flanagan provided a brief summary of the Natural Gas Advisory Committee's role in the County. The formation of the Committee was initiated by the integration of County property into a natural gas well spacing unit under NYSECL23. The committee acts as a "Collection House" of information relating to all aspects of natural gas exploration. Recommendations and general information relating to potential impacts, as well as economic development opportunities resulting from natural gas exploration in the County is provided to the Board of Supervisors and municipalities. Information and regulations relating to: leasing County owned land, gas well taxation, road maintenance agreements, municipality ordinance options, etc.

Discussion continued on the following agenda topics:

Consultant's Report:

- IOGA meeting July 7-8, 2010- general consensus of attendees and vendors little action in NYS until final decision is made on the SGEIS.
- August 4, 2010 an auction is scheduled in Bainbridge at the former Borden Plant. The facility consists of 11 acres, 55,000 sq ft building and a side rail. There has been some interest expressed in locating natural gas support businesses at this facility as the location is in a prime location to access interstate highways and rail service.
- Research and discussion on the use of brine for dust control and stabilization. Mr. Smith provided information from Cornell Road Program that may be useful for municipalities in determining a cost and effect analysis when considering the use of brine for dust control.

Regional 4-County Meeting:

The Regional meeting was hosted by Chenango County on July 15th. There was a presentation by representatives of "The Chazen Companies" on "Wetland" and "Stormwater Control" regulations as they relate to the development of natural gas drilling sites and pipelines. The power point presentation will be on the Chenango County website in the Planning Department section. The next regional meeting will be September 16, 2010.

County Gas Production Tax figures:

A copy of the 2002-2008 gas production tax paid in Madison was distributed indicating the increase in Real Property Tax Assessments during this 6-year period. Similarly Chenango County figures indicated a considerable increase in assessed value from 2007-2009.

Discussion continued on the importance of tracking taxation. At this time production taxes stay local and are divided between the School District, Town and Fire Districts where the gas is produced and the County. The school districts receive the greatest benefit due to the higher tax rate. If NYS enacts a "Severance tax", the production tax funds will go to the State General Fund for distribution.

Discussion continued relating to assessment and taxation of pipelines. The pipelines in Chenango County are basically "gathering lines" to the point of sale, where the gas enters the main transmission line. Consequently, by NYSORPS definition the pipelines are part of the economic unit. Mr. Harris stated "injection wells" are also considered part of an economic unit. Mr. Harris added the guidelines defining an economic unit date back to the 1980's when only vertical wells were drilled in western NYS, consideration should be given to update the definition to meet the advances in drilling technology.

Wells that are plugged, resulting in no production are not taxed. Municipalities should be conservative or lag behind a year when considering gas production revenue in their budgets.

Eminent Domain issue for “FERC” for gas storage and pipelines:

Storage of natural gas in abandon wells, similar to the “Stage Coach” field in Owego, NY, could acquire sub-surface rights by eminent domain under Federal regulations when storage or interstate pipelines are involved. Mr. Vickers reminded everyone of the importance of insuring a “no storage” clause is included in a gas lease, this becomes especially important when a non-productive well is abandoned.

Chairman Flanagan added it has been the opinion of some geologists that storage wells maybe the safest approach for storage of wastewater.

Landfill Drilling Cuttings:

Discussion regarding a misconception relating to a recent article implying the County would be taking drilling wastewater and cuttings at the County landfill. There has been no recommendation by the County Board of Supervisors to consider taking any drilling waste. Should there be any consideration given to allow disposal of drilling cuttings at the landfill, the cuttings are “pre-hydro-fracking” consisting of the natural soil/rocks.

At this time the County is considering amending the County Law to clarify and establish acceptable radioactivity levels of material deposited at the County landfill.

Finger Lakes Road Use Agreement:

A copy of the Yates County road agreement is a useful model for standardizing municipality best practices. (It can be found on the County website in the Planning Department section). Mr. Vickers suggested inviting “Delta Engineering” to a meeting to give a presentation on road practices.

Range Resources Class Action Suit:

In a recent news release Range Resources settled a class action law suit in the Canonsburg, PA area:

“The drilling company, which has a division based near Canonsburg, would pay the plaintiffs, who leased their land for drilling, about \$1.75 million immediately and more than \$20 million over several years. The leaseholders filed a class action lawsuit in 2008 claiming Range Resources did not adequately compensate them for the drilling rights in the Marcellus Shale formation.”

We are seeking more information about this lawsuit.

Canonsburg EPA Hearing:

Several newspapers reported on the recent EPA Public Hearing in Canonburg, Pa. It appeared many of the complaints related to water issues. The question is if there was documentation available to verify the complaints were actually related to natural gas well drilling.

Natural gas drilling companies in Chenango and Otsego Counties have been testing water wells prior to drilling. Gastem, Inc. had water wells tested in a 1 mile radius prior to drilling the well in Otsego Co.

Gastem well water test results indicated it is equally important to develop a standard for water wells by testing seasonally as water wells may be affected by the change in season.

County Health Departments Role:

The proposed SGEIS states the local health departments will track water well testing. There is some statistical data indicating 1 in 5 water wells have been found to be “not potable” prior to any natural gas drilling. The water wells may be contaminated by onsite septic systems or poorly protected.

Pipeline Map Status:

Chairman Flanagan stated to date the County has not received a copy of the natural gas pipeline map from Norse Energy. The concern is this could be a safety issue for future Town/County Highway projects if the pipelines are not properly marked or no map is available indicating the exact pipeline location.

Mr. Harris stated NYS law gives Assessors the authority to require a pipeline map. Mr. Harris is working with the Assessors and the County Attorney to develop a letter to be sent to Norse Energy in December, per the NYSORPS guidelines for requesting the pipeline maps.

Mr. Vickers reiterated that pipelines transporting gas at <125 psi has little PSC oversight. The Farm Bureau is actively working to revise the rules.

County Driveway Permits:

Chairman Flanagan stated the County Highway Department has developed and distributed the new driveway permit application. The new application will distinguish between residential and commercial driveways.

Broome County lease offer:

Broome County legislators were offered a natural gas lease by “Inflection Energy” at \$ 3000.00 acre and 20% royalty. After a public hearing the offer was declined. The Coalition groups did not feel compensation was adequate and the Environmental groups are against any proposed drilling on County owned property.

“Force Majeure” claims Delaware River:

The term “force majeure” (French for “act of god”) is generally found in natural gas leases. Due to the recent controversies in the Delaware River Basin this term in the gas leases has come to the forefront for the gas company as a legal reason to postpone leases and gas development due to government (DRBC) claims.

Chemung County Sales Tax Report:

Chemung County reported an increase in sales tax which they believe can be attributed to the increase in sales at businesses providing support to the natural gas exploration activity in the area.

Chenango County Government Position on Drilling:

At this time the Chenango County Board of Supervisors has no opinion. The question was asked if a Public Hearing could be scheduled by the County to give County residents the opportunity to voice their concerns/opinions about natural gas exploration activity in the County. Chairman Flanagan commented it may be possible.

Brine Testing Update from NYSDEC:

Supervisor Schlag commented the Town of German Highway Department had been approached about using brine on the town dirt roads. One source of brine is from old salt mines, a company in Cortland County. The second source is the natural brine from the natural gas wells. This gas well brine must be tested by the seller/hauler. There may be a difference in test results for each geologic formation. The brine when spread on the roads must strictly follow NYSDEC guidelines for spreading.

Data indicates using well brine on roads has been marginally effective. Testing of the well drilling brine indicates no obvious concerns relating to elevated radioactivity levels.

Salt mine brine appears to be more beneficial for road stabilization.

Norse Seismic Report:

Recent 3-D seismic testing by Norse Energy has provided data identifying the geologic features that define the success of the Herkimer formation gas wells. Discussion continued relating to the Marcellus formation which is shallower in Chenango County than the Herkimer. The NYSDEC draft SGEIS addresses shallower formations as follows: if a well was proposed with a high-volume hydrofrac above a depth of 2000 ft., then additional environmental review would be required. The appropriate section of the dSGEIS is: Chapter 7, Section 7.1.5 on Page 7-49 which is copied below:

As explained in Section 6.1.5.2, the conclusion that harm to freshwater aquifers from fracturing fluid migration is not reasonably anticipated is contingent upon the presence of certain natural conditions, including 1,000 feet of vertical separation between the bottom of a potential aquifer and the top of the target fracture zone. In addition, as stated in Section 5.18.1.1, GWPC recommended a higher level of scrutiny and protection for shallow hydraulic fracturing or when the target formation is in close proximity to underground sources of drinking water. Therefore, the Department proposes that site-specific SEQRA review be required for the following projects:

- 1) any proposed high-volume hydraulic fracturing where the top of the target fracture zone at any point along the entire proposed length of the wellbore is shallower than 2,000; and*
- 2) any proposed high-volume hydraulic fracturing where the top of the target fracture zone at any point along the entire proposed length of the wellbore is less than 1,000 feet below the base of a known fresh water supply.*

Review would focus on local geological, topographical and hydrogeological conditions, along with proposed fracturing procedures to determine the potential for a significant adverse impact to fresh ground water. The need for a site-specific supplemental environmental impact statement will be determined based upon the outcome of the review.

However the Utica Shale formation is deeper and lies under all of Chenango County.

Aarismaa Well (T. Preston):

The Planning Department received a call from a concerned landowner about the proposed Aarismaa well after being contacted by Norse Energy to test his water well. He questioned why it would be necessary to test his water if he is not in the spacing unit. The individual was advised the gas companies have considerable latitude when drawing the spacing units which often follow property lines. In addition Norse Energy policy has recently been to test well water quality at properties within 1000 ft. of a proposed well site.

General Discussion:

- Supervisor Bays stated he is in favor of responsible drilling, it is important to maintain a balanced approach in relation to drilling for natural gas. The Town of Smyrna has the greatest number of natural gas wells in Chenango County at this time. There have been gaps and some issues, but it is always important to look for economic opportunities.
- Comments relating to natural gas storage: NYSDEC has oversight of gas storage facilities. Concern was voiced about inadequate staffing at the NYSDEC to adequately inspect the “above ground” storage units. There have

been some reports that water wells in areas where “in-ground” gas storage fields are located have shown signs of being affected by the filling/drawdown of gas from the in-ground storage.

- A packet containing information on banning or passing a moratorium on the production/delivery of natural gas was passed around for review by the Natural Gas Advisory Committee and guests. The various resolutions are the results of the Municipalities lack of confidence in NYSDEC to protect their interests. The packet contains a copy of:
 - Town of Skaneateles moratorium on Hydrofracking;
 - Sullivan County Resolution 148-10 declaring The Policy of Sullivan County Legislature not to allow Hydrofracking on Property owned by Sullivan County Until Such Time as Potential Impacts are Identified and Addressed;
 - Sullivan County Resolution # 149-10 requesting amendment by the US Senate & House of Representatives, of Federal Laws to Protect the Environment and Public From Any Risks Associated with Hydrofracking;
 - Article in the Post Standard: “Onondaga County bans hydrofracking on its property”
 - Onondaga County Resolution: “Memorializing the Governor and the Legislature of the State of New York to Ban Hydrofracking or, in the Alternative, to Amend State Law to Allow Local Municipalities the Option to Ban Hydrofracking within their Municipal Borders, and Requesting the Governor to Pursue Further Independent Scientific Assessment to Determine the Risks Associate with Hydrofracking”.
 - Onondaga County Resolution: “Memorializing the Unites States Senate and House of Representatives to Amend Appropriate Federal Laws to Protect the Environment and the Public from any Risks Associated with Hydrofracking”
 - Onondaga County Resolution 011: “Declaring the Policy of this Onondaga County Legislature not to Allow Hydrofracking on Property Owned by Onondaga County until such time as Potential Impacts are Identified and Addressed”
 - Town of Onondaga meeting January 4, 2010: Town Board of the Town of Onondaga does not support and is strongly opposed to the process of hydrofracking until further investigation is done and substantial proof can be provided that these concerns are addressed.”
 - Town of DeWitt: “Local Law imposing a moratorium on the activity know as hydraulic fracturing and/or hydrofracking in the Town of DeWitt”
 - County of Westchester Resolution: “Request to Governor and the Legislature of the State of New York to Ban Hydrofracking within the Catskill and Delaware Watersheds, and Requesting the Governor to Impose a Moratorium on Hydrofracking pending further Independent Scientific Assessments and Final Review by the United States Environmental Protection Agency, New York State Department of Environmental Conservation, and other Relevant Government Bodies to Determine the Risks Associated with Hydrofracking”
 - Tompkins County Legislature Resolution 2010-67: “Calling on the Governor and Legislature of New York State to Ban Hydraulic Fracturing Pending Further Independent Scientific Assessments to Determine the Risks, Greenhouse Gas Emissions, and Social and Economic Costs Associated with Hydraulic Fracturing, and in Support of A.10490/S.7592”
 - Cortland County Resolution 123-10: “Petitioning the Governor and the Legislature of the State of New York to Ban Hydrofracking Pending Further Independent Scientific Assessments to Determine the Risks Associated With Hydrofracking”
 - Town of Virgil Local Law #3: A local law amending the Town of Virgil Zoning Law and Zoning Map
- The question was asked if any standards exist for wastewater quality. The draft SGEIS has expanded the wastewater standards that were in the original 1992 GEIS.
- Are there any water use controls by local authorities? Majority of Chenango County water is under the control of the SRBC.
- Concern was expressed about increased toxic substances in streams. The Committee and area Coalitions continue to push for closed loop systems, to filter and reuse the water used in drilling.
- At a recent Broome County meeting their County Attorney stated the plastic pipeline material used for the Chenango County pipeline is not adequate and is leaking methane. This was news to the Committee and if this is the case where is the failure? Chenango County would like to see more control by Public Service Commission, Ag & Markets, etc however PSC does require pipeline safety regulations.
- Is there a comparable committee/taskforce in the County addressing alternative natural energy resources? Mr. Vickers commented there are organizations such as the Farm Bureau that is actively researching/developing Bio-fuel alternatives for use in Chenango County.
- Mr. Wright read a prepared statement on his observations from his recent visit to Dimock, Pa.
- The Committee members were asked if they would have any interest in viewing the film “Gasland”? Several members stated they have viewed this film as well as “Gas Odyssey”. Opinions relating to the context of the films were varied.

There was no further discussion. The meeting was adjourned at 10:15 a.m.

Next Meeting, Tuesday, August 31, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

Natural Gas Advisory Committee
August 31, 2010

Attendees:

Peter Flanagan, Chairman James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin Richard Schlag, Supervisor T. German Stephen Palmatier, Consultant Bradd Vickers, Chenango Farm Bureau Kenneth Smith, Dir. Cornell Co-Op Ext. Rob DeClue, Chen. Co. Soil & Water Jennifer Tavares, Commerce Chenango Donna Jones, Dir. Planner Shane Butler, Planner Rena Doing, Planner	Bill Sedwick Jim Gallant Melissa DeCordova Katharine Dawson Barbara Collins Heriberto Rodriguez John VanLierde Kenneth Fogarty Helen Kaufman Chris Brunner Earl Callahan Carol Sacks Peter Marshall	Gary Simpson Peter Hudiburg Mary Jo Long Teri Lanciault John Carson Annette Pfaniensiel Cliff Tamsett Richard Downey George Seneck Kim Michels Jeanne Jensch Col Fraser
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Chairman Flanagan called the meeting to order at 8:00 a.m. Motion by Mr. Vickers to approve the July 27, 2010 minutes, second by Mr. Palmatier, motion approved.

Chairman Flanagan advised the committee members the Natural Gas Advisory Committee minutes for this meeting and all future meetings will not be available until approved by the committee at the next regularly scheduled meeting per County protocol. Chairman Flanagan re-stated this committee's purpose and position, "we are not a "single-issue" entity, nor do we intend to be, nor are we here to list the reasons why we don't follow the wishes of any particular group. We are here to investigate the facts. Unsubstantiated statements are not conducive to our mission."

Chenango County Pipeline Quality:

At the July meeting there was discussion from the floor regarding a comment relating to a statement made by the Broome County Attorney regarding the integrity of the natural gas pipeline in Chenango County. After contacting the Broome County Attorney to confirm the statement of the potential for leaking pipelines, it was determined that no such statement was ever made.

Resolutions/Moratoriums:

Mr. Fogarty provided a summary of his recent visit to the County Board of Supervisors and County Planning/Economic Development Committee meetings. These meetings initiated a request by the County Planning/Economic Committee, to the Natural Gas Advisory Committee, to contact the municipalities for the background on their decision to adopt the hydrofracking moratorium.

Chairman Flanagan stated Chenango County had done its' own due diligence. He invites Chairman Law to attend the Natural Gas Advisory Committee meetings to participate in discussions. Chairman Flanagan stated he is willing to present the hydrofracking moratorium issue to the committee for a vote. After continued discussion there was no determination to move this issue forward at this time.

Supervisor Iannello commented there continues to be a misconception as to the role of the County Natural Gas Consultant. Mr. Palmatier was hired by the County for the position of Economic Development Consultant only. Natural Gas exploration is here and it is important for the County to explore any potential economic benefits.

Discussion continued on extensive development of shale formation wells contaminating aquifers. Chairman Flanagan reiterated this committee has researched these claims and found hydrofracking has not been the cause, but inadequate cementing.

Mr. Fogarty presented a "Range Resources" document regarding liability issues that was submitted to the Security/Exchange in 2006 listing potential warnings relating to natural gas drilling. Mr. Palmatier commented this is basically a "prospectus", a *formal legal document, which is required by and filed with the Securities and Exchange Commission that provides details about an investment offering for sale to the public.* Ms. Tavares concurred.

Consultant Report:

A recent "Peer Review study" addressed the relationship between earthquakes and hydrofracking. Cliff Frolich stated it has been determined the pressure and brine at drilling wastewater injection wells, located on or near a geological fault line acts as a lubricant which could result in a minor earthquake, not hydrofracking.

Norse Energy Issues:

- "Force Majeure" letter: Recently a letter was sent to all Norse Energy, Inc lease holders regarding the "Force Majeure" clause in their lease. This letter is an attempt by the company to bind the lease due to the delay in adopting the SGEIS regulations by NYS. Chairman Flanagan commented on a recent conversation with an

attorney who stated this action could be grounds for litigation.

Chairman Flanagan asked Attorney Long for her opinion on this action, she commented it is her sense this is an attempt to leverage extension of a lease.

- Norse Energy, Inc. meeting at Cornell University: Chairman Flanagan commented on a meeting between Norse Energy, Inc. and Cornell University staff, attended by Mr. Smith. The following is a summary of the meeting prepared by Mr. Smith:

Areas of agreement:

1. That horizontal fracking of shale itself did not create a risk to aquifers/drinking water.
2. That the risks of water contamination of drinking water were from spills at the surface or from improperly sealed/cased wells near the surface.
3. That none of the drilling activities were particularly risky, but that, like any industrial process, accidents happen and that would be the case with natural gas development in New York
4. In general, the engineering for spill protection in hydrofracking in Pennsylvania was very good to excellent.
5. That the regulations in New York were better organized and more logical than in Pennsylvania.
6. That the ingredients of fracking fluids should be revealed.

Areas of disagreement:

1. Susan Christophersen, Social Scientist @ Cornell, is examining financial benefits to regions that have had gas booms and she has found no long term economic benefit and that generally regions that have had booms end up being economically weaker than other regions that have had no booms. Steve Keyes disagreed with this based on his experience in Chautauqua County.

Areas of Enlightenment:

1. The folks at Cornell were surprised to learn that Norse paid to have roads repaired when they were damaged and that roads were bonded.
2. The folks from Norse were curious at the strength of the opposition to natural gas development in the region near Ithaca. It was explained that all industrial development of every kind was vigorously opposed in Ithaca, including Cornell's own activities.
3. The folks at Cornell were very interested to learn that Norse had worked to provide natural gas for an industrial park in western NY. Generally the folks at Cornell were very much in favor of using the gas to serve local needs for electricity and industrial uses.
4. Norse explained that they would have to use "Force Majeure" to protect their leases if the New York State Government passed a drilling moratorium.

Suggestions from Cornell to Norse

1. Provide full documentation of any accidents and any remediation on line. The idea is to avoid distortion of the facts by drilling opponents.
2. Document on line amounts spent on road repairs and locations of repairs. The purpose is to help people better appreciate the extent of work being done to rectify damage to roads.

Question from the floor to Mr. Smith: What group at Cornell attended the meeting? Mr. Smith stated a general invitation was sent out at Cornell with several individuals attending. Discussion continued regarding the opinions in the summary.

Supervisor Iannello commented on discussions and expert opinions from previous meetings suggesting the aquifers are protected. Mr. DeClue concurred stating in this area generally the deepest water wells could be at a depth of 900ft., depending where the wells are located in the County. Natural gas drilling is several thousand feet below the aquifers.

Mr. Hudiburg expressed concern about drilling in other formations from one wellhead. Discussion continued relating to how hydrofracking over a period of years could influence the soils and integrity of the casings.

Natural Gas Infrastructure Bill:

Madison County recently prepared a resolution in support of "NYS ASSEMBLY BILL A05585: ESTABLISHING THE NATURAL GAS INFRASTRUCTURE ACT". This bill would establish a natural gas infrastructure grant fund for the purpose of subsidizing up to fifty percent of the total cost of projects by a Industrial Development Agency to extend natural gas supply facilities to rural areas for economic development purposes by the construction of natural gas distribution facilities and such a fund would provide opportunities for underserved rural areas to potentially receive funding to expand natural gas infrastructure.

There was discussion concerning the potential of storing natural gas but the bill does not appear to specifically address gas storage.

NYSDEC Report:

NYSDEC recently reported a decline in natural gas production of 11% in 2009. NYS imports 95% its' the natural gas. Production ranking in NYS places Chenango County 6th in production of natural gas.

Professor Selleck's Letter: Air Pollution and Natural Fractures:

Professor Selleck, Colgate University, in a letter addressed to Supervisor Bays regarding questions/concerns Supervisor

Bays expressed after attending a natural gas panel discussion presented by Commerce Chenango. Professor Selleck addressed his questions/concerns as follows:

- **Regarding toxic gases at a drill site:** OSHA regulates this. Operators often test for hydrogen sulfide emissions during drilling. This was the practice during drilling at the local wells. Prof. Selleck stated he was not aware of any problems related to this as far as health and safety. "Regarding benzene, toluene and other aromatic hydrocarbons, our local gas production, including Marcellus & Utica shale, should they be developed, contain so little of these that I have very little concern about those components. Those components are more commonly produced with crude oil or gas condensate, as volatile liquids; our local "dry" gas is virtually devoid of aromatic hydrocarbon compounds."
- **Water use for future development of Marcellus and Utica Shale:** "Everyone wants to see a closed loop, onsite system for water management, or no water use at all for shale development. As we get smarter about shale development, the more optimistic I become about good, "green" solutions for shale gas. My research of the last year has focused on the possibility that natural fracture systems in shale, like those in the Herkimer, may be the answer to shale gas extraction without large-scale hydrofracturing."

Supervisor Bays stated the general consensus among panelists at the Commerce Chenango meeting is hydrofracturing is not the primary concern but sealing the well properly.

Discussion continued about finding better technology for shale gas extraction. It is important to evaluate the process as it evolves. Supervisor Iannello suggested inviting Professor Selleck to attend another of our meetings for updates.

Talisman Energy:

Chairman Flanagan commented on the recent statement by Talisman Energy calling for higher drilling fees to finance regulatory oversight. The industry in general is not opposed to fair taxation at the local level they expect to be taxed, it occurs in every state. The increased revenue would provide funding for additional NYSDEC staff. The current permit fee is too low. The NYS Assembly Environmental Committee is not up to speed on this issue.

Road Use Agreements:

Mr. Vickers stated Delta Engineering would provide a presentation relating to road use agreements if requested. Mr. Vickers has offered to set this up.

Ms. Long commented the Delta Engineering presentation she attended in Otsego County was very worthwhile. This presentation could be beneficial to the Towns and County especially for developing a road data summary.

Water Wells, High rates of failure pre-drilling:

A Penn State Study indicated 1 in 5 water wells maybe already contaminated prior to any natural gas exploration activity in the area. In Chenango County there is a Well/Septic grant program available at Opportunities for Chenango (OFC) that may be helpful in providing water quality data. Mr. Palmatier suggested gas companies work through OFC. Ms. Jones commented at this time the County partners with OFC on these grant programs. Mr. Vickers stated as a member of the OFC Executive Board he will suggest to the Board the idea of partnering with OFC to obtain water data.

Mr. Hudiburg suggested local water testing laboratories distribute literature to low income individuals to apply for grants. Discussion continued on this subject. Supervisor Iannello questioned if there are increased levels of bacteria in shale? In a recent correspondence from Ms. Beall, "The Chazen Companies", suggested a teleconference to include their hydro-geologist to discuss the following:

- Whether preemptively testing a statistically valid set of wells in Chenango County would provide benefits to the County or drillers.
- Whether seasonally sampled data wells would be helpful.
- If gathering a list of all surface and municipal water supply sources and who owns them in the County using GIS would be helpful.
- How the County will maintain well water sample data information that is sent to them from drillers once hydrofracking starts.
- How the drilling community will handle issues like the hydrogen sulfide issue in wells outside of the testing limit following drilling. Whether there is something that can be done preemptively to reduce those risks.
- How the County and drilling community will handle reports that 20% of wells sampled have issues; what sort of issues, is this significant.

Madison Co. Natural Gas Committee:

Madison County is considering formation of a Natural Gas Committee. Mr. Vickers commented on attending the Madison Co. Energy Committee meeting which discusses all types of alternative energy systems: wind, hydro, solar, etc. This would be a sub-committee to the County Energy Committee.

Local Seismic Testing:

Mr. Gallant, representing Green World Geo-physical Company, provided an overview of the seismic testing in Chenango County. They are a service contractor using solar/wind power (approx. 70%) to operate their equipment during seismic testing. They employ 75-80% locally, their office is local and they purchase locally.

Mr. Vickers questioned if they have considered using bio-diesel fuel to power their vehicles. He will follow-up with the company to provide more information.

Discussion continued relating to seismic permits. Chairman Flanagan stated when 2-D seismic testing was taking place along the county/town/state roads it was recommended the county and towns adopt a Town law requiring permission from the town and landowners prior to seismic testing in a location. The Town of Preston utilizing Town Law Article 64, Subdivision 7, "Right to Establish Permits" passed a local law addressing permission to seismic test in the Town of

Preston.

The County has 8000 acres of right of way, 184 acres by ownership. The County considers seismic testing as a property rights issue agreeing there will be no seismic testing on County land that could affect contiguous property owners. Chairman Flanagan extended an invitation to Green World Geophysical to discuss seismic testing at the regional meeting on September 16th.

Division Order for Integration:

Chenango County received a Division Order from Norse Energy, Inc. for the County to confirm they are the legal owner of the interest set out in the oil, gas and/or "casinghead" gas produced from or allocated to the Blood #1-535, of which County land was Compulsory Integrated. Chairman Flanagan stated the County Attorney advised Norse Energy, Inc. the County does not intend to execute this document, as it is not required by NYS law or regulation for owners subject to compulsory integration. Chairman Flanagan emphasized any property owner compulsory integrated is not required to sign a Division Order.

Other Business:

- Mr. Vickers commented School Districts should be afforded the same leasing opportunities as Counties, although Chenango County as a non-chartered County does not have this option.
- Mr. Marshall commented Norse Energy, Inc. recently paid \$170,000 for road upgrade of a seasonal road in the Town of Plymouth, paying the Town prevailing wage for their work.
- Supervisor Bays confirmed the Town of Smyrna received a check of \$122,000 for road repairs.
- Mr. Hudiburg commented on the importance of full disclosure issues around the United States. Industry and Scientists spend considerable time denying what is happening. Accidents can happen because of pre-existing conditions. Chairman Flanagan commented the draft SGEIS regulations do not allow hydrofracking above 2000-2500 ft. There is always the possibility of accidents at a site and concern of diesel fuel spills, etc. Discussion continued with Mr. Hudiburg commenting on the study by Robert W. Howarth, Ecology & Environmental Biology, Cornell University: "**Preliminary Assessment of the Greenhouse Gas Emissions from Natural Gas obtained by Hydraulic Fracturing**", comparing natural gas exploration to coal mining, transportation, leakage, etc. that contribute to global warming.
- Mr. Downey commented most studies are speculation, no real data.

There was no further discussion. The meeting was adjourned at 9: 55 a.m.

Next Meeting, Tuesday, September 28, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
September 28, 2010**

Attendees:

James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin Richard Schlag, Supervisor T. German William Craine, Supervisor T. Sherburne Stephen Harris, Dir. Real Property Stephen Palmatier, Consultant Bradd Vickers, Chenango Farm Bureau Drew Piaschyk, T. Plymouth Shane Butler, Planner Rena Doing, Planner	Bill Sedwick Peter Hudiburg Katharine Dawson Barbara Collins Annette Pfannenstiel Earl Callahan Kenneth Fogarty Helen Kaufman Chris Brunner Peter Marshall	Gary Simpson Susana Schwartz Rennie Korver Brian Conover Richard Downey
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In the absence of Chairman Flanagan Mr. Palmatier conducted the meeting. The meeting was called to order at 8:04 a.m. Mr. Vickers requested further clarification in the August minutes of the reported statement by the Broome County Attorney regarding the quality of Chenango County pipeline: "After contacting the Broome County Attorney to confirm the statement of the potential for leaking pipelines, it was determined that no such statement was ever made." Motion was made by Mr. Vickers to approve the August 31st minutes as corrected, second by Supervisor Iannello; minutes were approved as corrected.

Mr. Palmatier started the meeting with a prepared agenda. To maintain order and address the agenda in a timely manner Mr. Vickers made the motion to follow the agenda as written refraining from any general discussion until the end of the meeting, second by Mr. Piaschyk, approved by the committee.

Agenda Items:

Norse Energy Properties:

- Mr. Palmatier commented on Norse Energy's recent decision to sell some of their properties, which may be landlocked, at \$ 900/acre instead of the market price of \$ 2000/acre. There is concern on how or if this will affect real property tax values.
- NYSDEC and Norse Energy, Inc. have been in discussion on maintaining the integrity of the property owned by Norse Energy adjacent to the historic Berry Hill fire tower in the Town of Pharsalia. There is some consideration by Norse Energy, Inc. to donate 5+ acres of land at this site to NYSDEC. The question was asked if this would be taxable if donated to NYSDEC. Mr. Harris commented it would depend if the donated land would be taxable or exempt based on the classification: Parks/Recreation vs. State land.

Agriculture Opportunities relating to Natural Gas:

- Mr. Palmatier commented on his recent meeting with representatives from Commerce Chenango and Cornell Co-operative Extension. Their discussion focused on the potential of using natural gas to heat greenhouses for growing crops year round. Location would be a key factor. There has been some interest in finding a location to develop a commercial mushroom farming operation in Chenango County; possibly Pure Grown, LLC, the organic farm operation in the town of Norwich may consider expanding operations if this was a viable option. The Bonnie Plant Farm in New Berlin could serve as model. Mr. Vickers added "hydroponics" should be considered as a potential operation. Chenango County Farm Bureau and Commerce Chenango continue to focus on keeping farmland intact.

Water Issues:

- At the August 31, 2010 meeting the significance and importance of testing water wells was discussed. Discussion continued this month. The scope of water well testing, by the seismic company, has included wells within 300 ft. and up to 600 ft. (if requested) from the seismic testing path. Mr. Palmatier commented on the water well testing program in Otsego County. The study initiated by Gastem, Inc. in conjunction with SUNY Oneonta, and Otsego Soil and Water has been collecting well water samples from water wells up to 1000 ft. from natural gas drilling sites. In addition Otsego Soil/Water has been performing weekly conductivity and pH tests. Supervisors Iannello and Bays voiced their support of a similar program in Chenango County. Capturing well water data is an essential tool for monitoring our aquifers. Supervisor Bays suggested searching for grant funding to conduct water testing and data storage. Supervisor Iannello noted confidentiality issues and Public Health guidelines would need to be addressed.

Housing:

- Discussion questioning if natural gas activity has created any problems securing affordable housing by Chenango County DSS participants. Supervisors Bays and Iannello will follow-up with DSS through the Health & Human Services Committee. Mr. Vickers and Supervisor Iannello suggested there may be information available through Commerce Chenango regarding housing.

Commerce Chenango Database/ Surveys:

- Mr. Palmatier reported development of a database by Commerce Chenango to include small businesses such as contractors, welders, etc. that may be interested or have been doing business relating to natural gas exploration has been completed. Approximately 35 businesses have been called to confirm they are still interested in being listed in the database. Supervisor Iannello will suggest to Commerce Chenango the potential of developing a survey to track jobs created and man hours worked as natural gas exploration progresses. Mr. Vickers commented many businesses have experienced increased sales in tires, chain saws, etc. which is directly or indirectly related to the natural industry.
- Mr. Palmatier stated Cornell University conducted a survey questioning the comfort level individuals have with drilling and economic issues. Pennsylvania residents appear to be more comfortable at this time with natural gas exploration.
- Discussion continued on natural gas job opportunities in Chenango County. There have been many jobs created, some full time in the industry and many part time for suppliers. Supervisor Bays commented the Chenango County economics has been based primarily on exploration of the Herkimer formation.

Education:

- Broome Community College has started a natural gas training program. Mr. Palmatier commented he had been working with SUNY Morrisville and DCMO BOCES for over a year trying to develop or expand existing programs focusing on natural gas exploration. Supervisor Iannello commented SUNY Morrisville receives funding from the County and it is important to have programs that will encourage students to attend the local college. It costs the County money when Chenango County residents attend Community Colleges out of the County.
- Mr. Palmatier commented unfortunately due to staff changes, etc. there has been slow down in moving forward with establishing local programs. The Welding and Conservation programs at DCMO BOCES would fit well. "PETEX" an online learning program through Petroleum Extension Service, The University of Texas at Austin, had offered to work with SUNY Morrisville and provided literature about several programs. Supervisor Bays suggested contacting Dr. Cross at SUNY Morrisville to express concern about the lack of follow-up on developing a program.
- Mr. Piaschik commented on the importance of various levels of education to accommodate jobs. DCMO BOCES training in welding, etc, are generally cyclical jobs where Associate degree programs often focus on production, long term and possibly better pay.
- Mr. Palmatier added it is important to examine what we have available and determine what we need. Pennsylvania has a natural gas jobs related website that may be helpful in making this determination.

Update on Blood 1 well:

- Norse Energy, Inc. is redeveloping the Blood well in the Town of Preston. The permit allows for development of two formations Oneida/Herkimer from one bore. At this time Norse Energy is removing the excess water used to kill the well prior to removing the plug between the two formations.
- Supervisor Iannello will be scheduling Mr. Palmatier to update the Board of Supervisors at the general board meeting, October 12th, as well as the Planning & Economic Committee meeting October 13th.

General Discussion:

- Mr. Fogarty expressed frustration to the committee in relation to:
 - The committee's lack of action on addressing a County Moratorium on hydrofracking. Mr. Fogarty and several residents have addressed the Board of Supervisors, Planning & Economic Development Committee and Health & Human Services committees seeking support which is referred back to the Natural Gas Advisory Committee.
 - Concern about pipeline infrastructure and comments by former National Safety Board Chairman, Jim Hall

regarding “lack of strong safety culture in natural gas industry.....” and what parameters natural gas industry imposes on itself.

- Natural Gas Advisory Committee’s focus on Economic Development does not provide an outlet for discussion relating to Safety & Health issues.
- The need for a voice to deliver a memorandum to the Board of Supervisors.
- Supervisor Iannello commented pipeline issues have been discussed extensively by this committee in previous meetings. The concerns and opinions of Mr. Fogarty regarding pipeline safety issues should be voiced to NYS PSC. The Farm Bureau has voiced their concerns at the local and state levels.
- Mr. Fogarty stated the County recognizes a need but does not push along.
- Ms. Schwartz asked if there is a formal process in place or opportunity for a forum to provide information to County residents.
- Supervisor Bays stated he understands the need for a forum and addressing the Board of Supervisors should not be discounted. This committee and Farm Bureau have worked to provide good information sharing on natural gas exploration.
- Mr. Fogarty stated there is no clear structure to address concerns. There should be a public hearing with expert speakers and opportunity for the public to speak to County representatives.
- Mr. Vickers suggested Mr. Fogarty and friends organize a public forum similar to Farm Bureau programs.
- Mr. Palmatier commented the Regional 4-County meetings have provided educational topics and speakers relating to the industry and environment.
- Dr. Pfannenstiel stated the County is responsible for being sure voices of everyone are heard and a forum is essential. Dr. Pfannenstiel voiced her concern on previous comments that Chenango County is the poorest County while the wealth of natural resources in Chenango County is not recognized. Dr. Pfannenstiel displayed a County map depicting the forestland and waterways and provided an overview of Chenango wealth based on the 1998 publication “The Heartland Bio-Region Atlas” mapping life within the Upper Susquehanna River Region, describing the “Forest & Water Bodies”; “Upper Susquehanna affect on the Chesapeake Bay”; and “Flora/Fauna Eco-System”. In addition Dr. Pfannenstiel referenced the report by Jannette M. Barth, Ph.D., “Unanswered Questions about the Economic Impact of Gas Drilling in the Marcellus Shale: Don’t Jump to Conclusions”. Dr. Pfannenstiel provided literature about the “True Wealth Coalition” encouraging everyone to join.
- Ms. Dawson, PhD questioned the purpose of the water testing parameters in the Otsego County study. Advised the conductivity, pH as well as total dissolved solids are baseline indicators sensitive to environmental change.
- Mr. Hudiburg suggested consideration should be given to conducting a survey relating to the affect of natural gas on property values. He also commented on the concern voiced by labor unions in PA regarding the pay levels. Consideration should be given to explore education/training opportunities relating to solar/wind/thermo energy as employment opportunities.
- Mr. Palmatier reiterated this committee works hard to learn and understand how to regulate and take advantage of the drilling going on here under the current NYS GEIS regulations.
- Ms. Collins expressed fears for herself, family and future generations. After attending the August Natural Gas Advisory meeting she felt the committee is advocating for natural gas development, more than economics.
- Supervisor Iannello reminded the guests this committee was formed to find responsible ways to deal with natural gas exploration. Concerns should be addressed to NYSDEC. Best thing we can do is to be sure it is done safely.
- Mr. Piaschik commented it is unfortunate but incidents are world wide. We have to proceed with a focus on landowners rights.
- Supervisor Schlag emphasized it is important to understand this committee was formed to advise the County about what to do with their lands by learning ways to advise and mitigate issues in our towns. Government strives to look at all opinions and remain balanced on issues. This committee can not tell NYS what to do, the County has limited authority.
- Mr. Conover commented on the CNY Landowners Coalition. The Coalition membership is comprised of landowners responsible for 140,000 acres with a focus on responsible natural gas exploration. Mr. Conover displayed a County map depicting member properties indicating the strength of the Coalition. The Coalition lease is comprised of 37 pages addressing water testing, pipeline placement, etc. to protect soil/water to maintain the environment. Their goal is to bind together to mitigate challenges and they welcome new members.

There was no further discussion. The meeting was adjourned at 10:00 a.m.

Next Meeting, Tuesday, October 26, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
October 26, 2010**

Attendees:

Peter Flanagan, Chairman James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin Richard Schlag, Supervisor T. German Stephen Palmatier, Consultant Bradd Vickers, Chenango Farm Bureau Drew Piaschyk, T. Plymouth	Jennifer Tavares, Commerce Chenango Kenneth Smith, Dir. Cornell Co-Op Ext. Shane Butler, Planner Rena Doing, Planner	Bill Sedwick Katharine Dawson Barbara Collins Kenneth Fogarty Chris Brunner Peter Marshall	Jeanne Jensch Kim Michels Heriberto Rodriguez Gary Simpson Brian Conover Melissa deCordova
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The monthly meeting was called to order by Chairman Flanagan at 8:05 a.m. Supervisor Iannello made a motion to accept the September 28, 2010 minutes; second by Mr. Piaschyk; vote all ayes, minutes were approved.

Agenda Items for Discussion:

Overview of October 21, 2010 Regional meeting:

- Ms. Collart, NYSDEC Regional Mineral Resources Supervisor, presented an overview of "NYSDEC's Regulation of Oil and Gas Drilling in New York" outlining the regulations and requirements necessary to obtain a permit to drill for natural gas in NYS. Ms. Collart stated their office has 5 staff members responsible for regions 6, 7 and 8. At this time there is no activity in region 6 requiring permits, staffing is adequate with permits issued based on staffing with no more permits issued than they can regulate.
- Brief discussion relating to seismic testing. There are no NYS laws regulating seismic testing. Seismic testing is generally incorporated in a lease agreement. This committee has focused on seismic along road right-of-way and importance of not infringing on property rights. NYS Department of Land & Forest does not allow seismic testing on state land. Their position is this would be mineral trespass acquiring geological information before any option to lease the mineral rights. Discussion continued regarding local role in passing seismic regulations relating to County/Municipality land, and right-of-ways. Town Law allows the right to grant permits for working in road right-of-way and special conditions, however no control over County and State roads.
- Ms. Collart stated that spacing units were devised basically as a compromise to provide some financial benefit to adjacent property owners or adjoining leasing companies.
- Environmental Conservation Law 23-0303 2 supersedes local jurisdiction relating to natural gas regulations.
- Ms. Collart's power point presentation is located on the County Planning Department website: www.co.chenango.ny.us/Planning/NewPlanning.htm, follow the Natural Gas link.
- At this time there are approximately 30 +/- natural gas wells actively producing in Chenango County.

County Natural Gas Consultant Report:

- Mr. Palmatier presented five (5) Action Items relating to health, safety and environmental issues for review by the committee members with consideration for referral to various County organizations/committees:
 - Item #1: referral to Ag/Cornell Cooperative Extension: Develop best practices for timber removal and the reclamation of forestland. Targeting landowners and contractors who clear pad sites and pipeline right of way.
 - Item #2: Environmental: Develop best practices for landowners/contractors for reclamation of well pads/pipeline to enhance its value to wildlife, by reseeding sites as well as prevent the potential spread of invasive species from site to site. Consideration must be given to soil types, wetland areas, stormwater control as well as mowing. Mr. Smith commented Cornell may have developed guidelines addressing this recommendation.
 - Item #3: referral to County Safety/Rules Committee: Assign all well sites, compression/processing sites and material staging areas a 911 address number prior to construction. This would provide first responders with a precise address if an emergency should occur.
 - Item #4: Referral to Public Safety: Provide a direct 10 digit phone number to the drilling companies and contractors for 911 services. Too often satellite phones used at drilling sites do not connect to local 911 services.
 - Item #5: Referral to Dept. of Public Health: Establish guidelines for private well water testing and record keeping to address the proposed requirement in the draft SGEIS, the costs and legal requirements relating to this proposed mandate.
- Mr. Conover, CNY Coalition representative commented several of these topics have been discussed and included

in the proposed CNY lease packet. He added the best protection is not under law but under a good lease.

- Supervisor Iannello made a motion to refer the 911 address Action Item # 3 to the Safety and Rules Committee for their review and comments, second by Mr. Vickers; motion approved by committee members. Supervisor Bays questioned if the current 911 database contains any information on potential hazards at a site? It not this should be a consideration for addition to the system if possible.
- Ms. Jensch asked if there has been any increase in emergency calls at the natural gas well sites. Chairman Flanagan stated they were aware of only a couple of calls requiring emergency personnel since the gas drilling activity started in the County.
- Mr. Fogarty questioned if the 911 address should be expanded to include more than one wellhead at a site. Chairman Flanagan agreed this should be a consideration in addition to GPS coordinates for each site.
- Supervisor Bays commented based on this morning's discussion it is important that a representative of Emergency Management attend the monthly meeting as a resource during discussions relating to the role of County Emergency Management.
- Supervisor Bays made a motion to refer Action Item #5 to Health and Human Services Committee for their review and comments, second by Supervisor Schlag; motion approved by committee members.
- Discussion continued on Chenango County Public Health developing potential guidelines to address well water testing and compilation of test results. Mr. Vickers made the suggestion, at a recent Opportunities for Chenango Board meeting that the next well/septic program grant application should include expansion of well water testing.
- Due to considerable side discussions Mr. Piaschyk made the motion to limit discussion of topics to 15 minutes to insure all topics on the agenda will be addressed during the meeting prior to adjournment at 10:00 a.m., second by Mr. Vickers; motion passed by a vote of 4 in favor 3 against.

Blood Well Update:

- Chairman Flanagan reported the first payment to the County for natural gas production from the Blood Well was incorrect but has been corrected. This vertical well is producing gas from two formations, the Oneida and Herkimer.

Articles of Interest:

- Recently several interesting articles on gas exploration have been published:
The Williamsport Sun Gazette:
 - "Addicted to Water" addressing concerns relating to water usage and impact on local water supplies, fish and aquatic life.
 - "Wastewater at TARM gets industry re-use", process of treating gas well wastewater."Drilling Boom spawns new Alle-Kiski Valley regulations" suggesting the importance of updating or passing local ordinances to address natural gas exploration.

Pipeline Agreement:

- Chenango County Attorney has been reviewing potential pipeline agreement with Norse Energy, Inc. regarding release of pipeline location maps. In addition a County Road Use Policy is under consideration.
- Discussion continued on the importance of knowing the location of natural gas pipelines in the County, especially at road crossings or adjacent to drainage ditches. Norse appears to be reluctant to release the exact location of pipelines on a map for security reasons. Utility maps often do not accurately show the exact location of pipelines. Mr. Palmatier suggested pipeline signage should be accurately positioned at all road crossings.
- The question was asked if pipelines are proposed for delivering water to well sites for drilling. In other states such as Pennsylvania, pipelines are on the ground surface delivering water to drill sites reducing truck traffic to and from a site.
- Mr. Palmatier and Chairman Flanagan commented there have been natural gas gathering lines on the ground surface in Pennsylvania and Allegany State Park that have not been properly maintained for many years which are creating problems.
- Mr. Vickers commented on potential legislative action to change current PSC regulations to requiring regulation of all pipelines.

Pennsylvania addressing stricter natural gas regulations;

- Pennsylvania regulators are considering change to require well casing cementing to the surface; increase casing depth.
- Mr. Piaschyk questioned if PA is considering the use centralizers in the pipe. NYSDEC requires centralizers for centering the steel pipe in the well for a uniform cement seal. NYSDEC inspects the blow-out mechanism and surface cementing.

General Discussion:

- Ms. Michels commented on the recent flaring of a natural gas well in the T. Coventry. The residents in the area had voiced concern there was no prior notification to the residents or the Coventry Fire Department. Ms. Michels was advised the procedure is for the gas company to notify County Emergency Management which in turn notifies the local fire department. Ms. Michels inquired if there is any legal action if a company does not make the proper notifications? Ms. Michels was advised to contact NYSDEC regarding this issue.
- Mr. Fogarty commented at the October 12th Board of Supervisors meeting there was discussion relating to County employees salary and the prospect of reopening the union contracts for consideration of lowering the percentage of the negotiated pay raise. Mr. Fogarty asked if a reduction in the Natural Gas Consultant's contract will be addressed. Chairman Flanagan stated the County Finance Committee minutes indicate there will be a 25% reduction in the Natural Gas Consultant's salary in 2011. Mr. Palmatier stated he has voluntarily relinquished 25% of his 2010 contract salary.
- Mr. Smith reported that Cornell has developed a "Tool Kit for Municipalities" relating to Natural Gas exploration. Any input or suggestions on additional topics for the "tool kit" are requested. Chairman Flanagan suggested Cornell review Chenango County Planning website where recommendations and educational materials are posted relating to natural gas.
- Mr. Marshall, Highway Superintendent T. Plymouth, commented Plymouth has a road repair agreement with Norse Energy, Inc. which has worked very well for the town. The town highway department is reimbursed for any road work relating to natural gas development or damages to town roads. Supervisor Bays added the Town of Smyrna has been equally compensated for any damages to Smyrna roads.
- Ms. Dawson suggested it would be beneficial to residents if the Cornell "Tool Kit" included a one page fact sheet with advice to citizens. Mr. Smith suggested Ms. Dawson make a list of what she feels would be beneficial to residents, as far as addressing concerns/questions relating to natural gas, and send it to him. Mr. Smith will forward the list and suggestion to Cornell.
- Supervisor Iannello commented it is important to continue to gather facts and make them available to the public.
- Supervisor Schlag stated this should be a concise document outlining and summarizing as a "work in progress".

There was no further discussion. Motion to adjourn by Mr. Vickers, second by Mr. Piaschyk, meeting adjourned at 10:20a.m.

Next Meeting, Tuesday, November 30, 2010, at 8:00 a.m.

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
November 30, 2010**

Attendees:

Peter Flanagan, Chairman	Jennifer Tavares, Commerce Chenango	George Wright	Annette Pfannenstiel
James Bays, Supervisor T. Smyrna	Kenneth Smith, Dir. Cornell Co-Op Ext.	Katharine Dawson	Matt Beckwith
Ross Iannello, Supervisor T. New Berlin	Donna Jones, Planning Director	Heriberto Rodriguez	Helen Kaufman
Richard Schlag, Supervisor T. German	Shane Butler, Planner	Kenneth Fogarty	Roger Bradstreet
Stephen Palmatier, Consultant	Rena Doing, Planner	Chris Brunner	Dan Degear
Bradd Vickers, Chenango Farm Bureau		Peter Marshall	John Salka
Drew Piaschyk, T. Plymouth		Gary Simpson	Susan Dorsey
Steve Harris, Director RPT		Clifford Tamsett	Melissa deCordova
		Earl Callahan	

The monthly meeting was called to order by Supervisor James Bays at 8:10 a.m., prior to Chairman Flanagan's arrival. Supervisor Iannello made a motion to accept the October 26, 2010; second by Mr. Palmatier; vote all ayes, minutes were approved.

Agenda Items for Discussion:

Review of November 18th -CCARE sponsored program:

Supervisor Bays attended the public forum on Natural Gas sponsored by Chenango Community Action for Renewable Energy (CCARE) featuring speakers: Ron Bishop, PhD SUNY Oneonta Lecturer, Department of Chemistry & Biochemistry and Lou Alstadt, Former Exec. VP Mobile Oil Corporation.

Supervisor Bays felt the program was newsworthy and well attended. Mr. Palmatier and Mr. Ives, (PR Norse Energy) attended the meeting. Ms. Susana Schwartz an attendee at the meeting prepared a summary of the evening presentations which was circulated. Supervisor Bays concurred with Ms. Schwartz's summary as being topically on target. Topics of discussion focused on: Bacterial contamination; State Home Rule; Chemical issues; and Migration of natural gas, to name a few.

In addition Mr. Butler commented on communications with Dr. Bishop relating to Carbon Sequestering; Advantage vs. Disadvantage of "Gasfrac" liquid propane method; and Hydrogen Sulfide issues (see attachment). Mr. Iverson and Prof. Selleck commented on hydrogen sulfide's abundance in this area of NYS. It is generally easily treatable depending on the concentrations.

Mr. Palmatier added the following comments relating to the meeting:

- Regarding a statement made that NYSDEC regulations are the worst in the country is questionable. A comparison of other state regulations should be considered.
- Hydrogen sulfide occurrence appears to be a horizontal well drilling issue, why not a problem with vertical wells.
- NYSDEC staffing is limited which slows the permitting process as the staff is handling several components of the permit process.
- Dr. Bishop reviewed the recommended water testing parameters on the Chenango County website stating they appear sufficient.
- The photos at the presentation of the holding pond at a well site in Preston were deceiving as the photo did not accurately depict the shape/function of the pond. The holding pond was a double chamber lined unit which allowed the solids to settle as it entered the chamber on one side as excess liquids flowed to the second chamber.
- Carbon Dioxide sequestering: Carbon Dioxide has been used by E.C. Stryker Inc. during oil/gas exploration to force oil from the fields. E.C. Stryker has investments in some wells in our area and there is speculation whether this process will be considered to enhance the flow of gas from the various formations.

Mr. Smith commented the use of CO₂ injection is still considerable speculation and if utilized it would be several thousand feet below any aquifer.

Mr. Fogarty commented that "CCARE" will be sponsoring a second public forum featuring Professor Anthony Ingraffea, "The Marcellus Gas Shale Play", December 9th at 7:00 p.m., United Church of Christ, Norwich.

Review 2010 Taxation Figures from Natural Gas:

Mr. Harris provided a history of natural gas production tax collected (2008-2010) in the Town of Smyrna:

2008	Taxable Value: \$	36,433.00	County Tax: \$	506.34	Town Tax: \$	268.51
2009	" "	\$ 458,197.00	" "	\$ 6,006.96		\$ 3,348.05
2010	" "	\$ 2,668,109.00	" "	\$ 35,272.40		\$ 19,458.52

School Tax collected in 2010 from gas production:

Afton Central School District	\$	477.49
Norwich City School District	\$	17,468.65
Otselic Valley School District	\$	5,636.27
Oxford Central School District	\$	1,909.86
Sherburne Central School District	\$	287,467.07

Supervisor Iannello commented the School Districts receive the largest portion of tax income, while the Towns receive the least amount of gas production tax income with the greatest potential impact to infrastructure. Chairman Flanagan added the Towns of Norwich and Pharsalia have no general tax levy consequently they will not receive any gas production funds. Additionally if you were to calculate a potential state severance tax based on these figures at this time it is more beneficial to the local taxpayers to keep the funds local.

Pipeline Discussion:

Mr. Harris commented Real Property Tax Law, section 595, gives Assessors the legal rights to request pipeline maps. Real Property Tax will be working with Assessors sending certified letters to Norse Energy, Inc. requesting copies of the maps indicating the location of all pipelines. Mr. Harris added the law may imply "shall do" but there is a lack of enforcement. Supervisor Iannello asked about public access to the maps, especially for appraising properties. Mr. Harris added if the information is in the Assessors office it should be available. Mr. Palmatier questioned how do you acquire pipeline information if it is not part of a gathering unit?

Mr. Beckwith confirmed he has copies of the gas pipeline maps, however after the September 11, 2001 attack development of security guidelines was required by the Federal Government Homeland Security. Chenango County Emergency Management determined the security risks in the County. All pipelines were designated as confidential security risks as potential terrorist targets. Supervisor Iannello commented if maps indicating pipeline locations should be public information, the risk to landowners and highway departments is more important and feasible than terrorism. These are Real Property Tax and Real Estate law issues.

The County Emergency Management Department has mapped the natural gas wells and pipeline coordinates into their County mapping system. Mr. Beckwith added Emergency Management's agreement with Norse Energy involves notification prior to flaring a gas well, at which time the County notifies the local emergency departments. Norse Energy, Inc. has made a conscious effort to notify EMS, for example they will be "flaring" the "Sweezy" well in Smyrna, December 1st. Maintenance and non-evasive work at a wellhead does not require prior notification. Recently TEPPCO gave notification they would be repairing their line. The TEPPCO pipeline has been shut down for several months due to a problem in Schoharie County as well as checking for leaks in the pipeline using dye and water.

Safety issues relating to the location of pipelines continues to be a concern for highway departments as well as future property owners. The potential of striking a pipeline during the cleaning of highway ditches or a new property owner unknowingly digging in a field where there may be an unmarked pipeline.

Mr. Beckwith stated Norse Energy participates in the "One Call" system and marks the pipelines with magnetic tape and a trip wire to indicate the location of the pipeline. Chairman Flanagan commented was an occasion when there appeared to be a delay in updating the "One Call" system. The County Highway Department experienced this when checking on a pipeline crossing under a County road.

Supervisor Bays expressed concern about the numerous gathering lines in the Town of Smyrna and has confirmed the pipelines are buried at a depth of 2-4 feet and feels there should be additional markings in fields in addition to road crossings. The Smyrna Town Board will be given the opportunity, by Norse Energy, to view the existing pipeline map during an executive session at the Town Board meeting.

Mr. Vickers commented the Farm Bureau has requested a legislative change in the Public Service Commission (PSC) regulations to include all pipelines not just the high pressure lines. The "One Call" system is a voluntary subscription service but should be included in legislation to be mandatory.

Supervisor Iannello commented on establishing local laws to address safety issues either at the County or Town levels. Supervisor Iannello made the motion: ***Recommending the County Safety & Rules Committee to allow the map of***

the natural gas pipelines currently in place, available as public information.” Second by Supervisor Bays; approved by the committee members to send the recommendation to Safety & Rules Committee.

Mr. Vickers asked the committee to send an additional request to Safety & Rules Committee to support the NYS Farm Bureau proposal to change Public Service Commission regulations to include **all pipelines** regardless of size, pressure, including set backs, distance, location and depth.

Synopsis of Discussion on Seismic Regulations with Texas Railroad Commission:

Chairman Flanagan reported on a recent conversation with a representative of the Texas Railroad Commission relating to seismic testing regulations. Texas regulations require a permit when a seismic charge is placed at a depth of 20ft. or greater (Zone of Interest). The primary concern is to protect the aquifer from contaminants that could migrate from the surface entering the aquifer through the “shot hole”. Regulations require “shot holes” >20ft. to be sealed with bentonite and a plastic cap with the seismic company name on the cap. In addition to water migration concerns sediment issues may occur in personal wells.

Mr. Palmatier commented on a recent conversation with Jack Dahl, NYSDEC Director Oil/Gas Regulations. Mr. Dahl stated local laws may be passed regulating seismic testing. A local law could dictate when, where, property rights and mineral trespass issues relating to seismic testing. NYSDEC has a policy regarding seismic testing in relation to state land.

Mr. Palmatier has prepared a draft “Action Item” proposing regulations on seismic testing for discussion at the next meeting. Mr. Palmatier added any seismic regulations should also include magnetic resonance. The draft seismic action items will be forwarded to the committee members for review.

Supervisor Bays stressed the importance of the County to move forward on some of the issues presented for discussion at the Natural Gas Advisory Committee meetings.

Water Issues:

- Chairman Flanagan discussed the concept of consumptive use of water vapor released from the combustion of natural gas. Consumptive use is when water is used and not returned directly to the aquifer. Calculations using a combustion of natural gas formula, indicated 2.27 gallons of pure water is released into the atmosphere when burning 1mcf (thousand cubic feet) of natural gas (after review of the formula there appeared to be an error in calculation changing the amount of water released to 13 gallons as pointed out by Mr. Piaschyk)
- Mr. Smith commented on establishing a repository for all water test data. Cornell University would consider storing all data from private or commercial water well tests. The respective Counties should be the repository for this information however at this time the Chenango County Public Health mandate does not include this requirement. Recent research has indicated approximately 25% of water wells may be currently contaminated, with no connection to natural gas exploration.
- Ms. Jones and Mr. Vickers commented that individuals involved with Opportunity for Chenango programs have been reluctant to have water wells sampled. It has been suggested that new grant applications should include information relating to gas exploration in Chenango County which may improve the County’s position for approval of additional fees.

Bradford County, PA Developments:

Mr. Smith reported on his recent correspondence with Mike Lovegreens, Soil/Water Conservation Service and Ray Stolinas, County Planner in Bradford County, PA regarding the impacts that natural gas development has had on agriculture in their county. A summary of the discussion with Mr. Lovegreens included 18 points relating to Bradford County as well as points Mr. Lovegreens had acquired from a recent trip to Texas. Mr. Stolinas commented on several additional impacts. (see attachment)

Mr. Smith has scheduled a visit to Bradford Co. to further discuss natural gas exploration impacts.

On Farm Use of Natural Gas:

At this time there has been little interest in utilizing natural gas on the farms however there could be opportunities in the future that may be considered as farmers diversify their operations for example: greenhouses, heating buildings, generators, etc.

NYSE&G has suggested natural gas usage established on seasonal compensation tied to “Henry Hub” traded on the NY Mercantile Exchange (NYMEX). Supervisor Iannello asked if any counseling on this subject has been provided by Cornell. Mr. Smith stated NYSERDA has had some energy programs directed toward farming.

Consultant's Report:

Mr. Palmatier reported:

- SUNY Morrisville has plans to incorporate natural gas related training into the Engineering program.
- Working with Norse Energy for possible training funds.
- John Wilson, Norse Energy, is looking for a contractor(s) to build wooden mats. Mr. Smith asked if there is a spec sheet available as he may know some individuals that may be interested.

Articles:

Chairman Flanagan commented on several articles:

- "Tres Amigas" Super Station utilizing natural gas as a back-up power source to wind energy.
- Recent legislation in PA: Pittsburgh Bans Drilling in city; Licking Township bans "frackwater" disposal

Proposed Resolution: Rules of Conduct and Decorum:

Mr. Vickers read a proposed "Rules of Conduct and Decorum" to be considered by the committee. Discussion on the proposal:

- Supervisor Iannello commented this committee is already operating under the County guidelines.
- Mr. Fogarty feels the 2 minute time limit suggested in the proposal is too limited.

Supervisor Bays motioned to table this proposal, second by Supervisor Schlag

Public Comment:

- Ms. Dawson questioned if there is any data indicating how many local residents are employed by Norse Energy. Mr. Palmatier stated Norse Energy as well as Green World and Right of Way Land Services have hired local residents.
- Dr. Pfannenstiel had prepared a proposal as to the function of the Natural Gas Advisory Committee which she gave to Chairman Flanagan.

There was no further discussion. Motion to adjourn by Mr. Vickers, second by Mr. Palmatier, meeting adjourned at 10:05a.m.

Attachments: Natural Gas Impacts on Agriculture-Pennsylvania Perspectives Correspondence with Dr. Bishop

Next Meeting at 8:00 a.m. Tuesday, January 25, 2011

County Board of Supervisors Chambers